

# FAR EASTERN ECONOMIC REVIEW

## FINANCE, TRADE & INDUSTRY

Vol. II.

Hongkong, March 26th, 1947.

No. 13.

### Income Tax in Hongkong

It is understood that the proposed changes in the Income Tax Bill, the new method of assessing income, and the new rates of tax, will be subject to the approval of the Legislative Council.

The Hongkong Income Tax Bill, which was introduced in the Legislative Council in 1946, has been subject to a number of amendments. The proposed changes in the Bill, which are subject to the approval of the Legislative Council, are as follows:

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## Income Tax in Hongkong

It is understood that the intended income tax legislation in the Malayan Union has been postponed pending further consideration and with a view to its adjustment to both Singapore and Malaya.

In Hongkong public opinion has expressed itself mainly in the press, but whilst there appears to be just criticism on many aspects of the present proposals the more sober and considered judgment is that the Colony recognises the necessity of a modified form of tax at least in the near future, if not now.

The principal objections to the present Bill from an economic point of view are:—

- (1) The draft appears to have been somewhat hastily put together with a view to its speedy enactment in time to collect the tax as from April 1st 1947. Such an important Bill requires careful examination in conjunction with Government officers by experts who have a practical appreciation of the application of its provisions to the particular problems of Hongkong.
- (2) The imposition of a tax which has gradually been moulded to fit the financial and economic structure of the United Kingdom over a period of a century is ill-adapted to the requirements of Hongkong without radical changes.
- (3) The taxation earnings and profits in 1947-8 on the basis of the data for 1946-7 is unjust. Unlike the home country Hongkong was invaded and for the best part of four years was occupied by the enemy; local merchants except some of the few who carried on business under the Japanese suffered big losses in property, goods, plant and machinery; for four years they had no earnings, only losses. The year 1946-7 was an exceptional year when a sellers' market enabled substantial but temporary gains to be made but these had to be applied to the re-establishment of trade and the rehabilitation of housing, property, of industrial establishments and of the life of the colony in general a process which is still in its early stages so that the earnings of 1946-7 are swallowed up in making good arrears and in providing for the immediate future.

The tax at the outset should be assessed on the basis of the actual income of the year of assessment.

- (4) The limit of the exemption allowance, i.e. H.K.\$5,000 is too low. The cost of living in the Colony is such that the lower salaried employees can hardly make ends meet unless the ceiling is raised to about H.K.\$7,500.
- (5) It is difficult to estimate the effect of the Bill without knowing the standard rate to be applied. The War Revenue Tax of 1940 which was at the rate of 4% to 10% on salaries and 5% on property, 10% on corporations and from 5% to 10% on business profits produced HK\$9 millions; in 1941 with the property tax at 7% and a higher scale all round varying from 6% to 14% it was estimated to produce 14 millions. With the added values of to-day similar rates should produce considerably more than the 16 millions which the Budget anticipates. There seems to be no justification for a maximum rate higher than about 12½% and at the outset a standard rate of 10% should be fair, and serve to remove any real opposition on the ground of hardship and so facilitate its collection in the initial stages.

Time is short to give adequate consideration to the measure before April 1st while a postponement would mean either retrospective legislation which is unconstitutional and undesirable or loss of revenue at least for the first half year.

Two other objections have been prominently urged:—

- (1) That in practice the tax will be unfair in its incidence owing to the extraordinary opportunities for evasion, particularly on the part of the Chinese community whose methods of accounting and business are not adapted to Western methods of taxation. There is substance in this plea, but it is no real reason why a beginning should not be made to apply what has been elsewhere found to be a fair method although it may require a considerable amount of education and punishment to reduce the scope of evasion. The Colony should not object to progress however painful it may be.

- (2) A more substantial objection is based on the feeling that the proposal is directed from the Government at home contrary to what is understood to be a constitutional principle that a colony should not be taxed without its consent. In a Crown Colony which is not self governing but has a Legislative Council with an official majority there cannot be a genuine consent. The cry is raised of "no taxation without representation". This principle however is frequently misunderstood. The essence of democracy as illustrated by the history of its development from the Greek city state is that it is not necessarily representation that counts but the opportunity for the people to express their views, to have a say in the purposes for which their money is spent, and to have the opportunity to criticise the accounts.

The residents of this Colony, however, have a great measure of faith and confidence in the local government and realise full well that the Governor and his counsellors exercise their trusteeship sedulously for the greatest welfare of the Colony and with due respect to public opinion. What is feared, however, is any indication of the thin end of the wedge to colonial regimentation from the Home Government. "The Economist" in its issue of December 21st 1946 wrote about the fear of a juggernaut in the Colonies. In referring to Colonial Policy it stressed the danger of a doctrinaire approach which would be fatal to the prosperity of the Colonies and of initiating legislation dealing with problems from the point of view of the United Kingdom instead of considering them in their colonial context.

There are signs that the Home Government is not limiting itself to advising and guiding according to its declared policy. Its directive authority over the Governor and the local legislature is such that the danger lies in attempts to impose on the Colony legislation which can only be resisted by the combined efforts of the local government backed up by the fullest support from public opinion in the Colony. The weight of that opinion must be exercised wisely and with discrimination so that when the occasion arises its effect may be of greater value and cogency.



## Principles of Exchange Control in Hongkong

Certain highly erroneous views are current in Hongkong as to the restrictive effect of Hongkong's exchange controls on trade and commerce. These probably arise mostly in the minds of merchants who have applied unsuccessfully to the Exchange Control for "official exchange" to finance imports from "hard currency" countries.

*The principle on which the Exchange Control has worked has been to take over a relatively small percentage of certain types of exchange earnings (principally export bills and remittances), leave the rest to be used or sold as the recipient might wish, and use the exchange thus purchased to finance essential imports. All exchange earnings are thus used in trade, the only effect of the control being to insist that a portion of exchange receipts are made available at the fixed rate (U.S.\$1=H.K.\$4) to finance essential imports, while non-essentials are left to be catered for by free exchange, i.e., essential imports are subsidised to some very slight extent by non-essentials. This principle surely cannot be quarrelled with, though it is true that an individual merchant's view of what is essential may not always coincide with the official view. (If the market were left entirely free it is unlikely that the free rate would drop very much below its current level).*

It is difficult to see how this official exchange policy can be characterised as restrictive.

There are only two ways of increasing the volume of "hard currencies" available to merchants:

(1) *By calling on the sterling area currency pool;* this has in fact been done to finance certain essential imports (e.g. U.S.\$ for Japanese yarn), and Hongkong is receiving the benefit of exchange clearing agreements with certain countries (e.g. Switzerland and Sweden). But the criterion of essentiality applied in these circumstances must be at least as stringent as that applied by the U.K., if we are to take away from a pool to which we contribute little while using the bulk of our earnings for non-essentials; using such criteria we would not in fact be justified in making any use at all of the pool.

(2) *By permitting the free transfer of sterling to purchase hard currencies.* So long, however, as Hongkong is in the sterling area, this is impossible. Hongkong already enjoys incalculably more exchange freedom than any other part of the area; if transactions of this kind, which must inevitably undermine sterling's position in the world, were permitted, Hongkong would be expelled from the area at once. *The Hongkong dollar would then have to find its own level, unsupported by sterling (on which it has relied so far much more than is commonly appreciated) and Hongkong would face inflation.* Further, it would be cut off entirely from the sterling area hard currency pool and from the benefits of the U.K.'s exchange agreement. This situation would hardly act as a stimulus to Hongkong's trade.

One peculiar aspect of the matter is that exchange control is attacked from two contradictory points of view, first, that of the earner of foreign exchange, who objects to having to surrender any part, second, that of the applicant for official exchange who complains when the control has not enough to satisfy him.

## The Trade of China in 1946

The total trade of China for the year of 1946, as far as recorded by the Chinese Maritime Customs, amounted to a value of CN\$412 billion for exports, and CN\$1,500 billion for imports. The unfavourable balance of trade was almost CN\$1.1 trillion. Computed into US\$, at the various exchange rates which were announced by the Central Bank of China during 1946, the total trade of China amounted to US\$161 million exports from, and US\$605 million imports into China, resulting in an unfavourable balance of foreign trade of US\$440 million.

The unrecorded trade of China was very large but no reliable estimates are available. Professional smugglers, military blockade-runners, influential circles in the National and in Provincial capitals, an inefficient civil service, underpaid Customs guards, well-equipped and organised protection bands (often connected with former military and naval officers), an immense coastline, these and many more factors militate against an accurate statistical compilation of Chinese Customs figures. Import smuggling was more prevalent and this may have resulted into an additional trade deficit of approx. US\$50 to 100 million; smuggling of Chinese produce and commodities out of China was also extensive and it is due to this widespread practice that the unfavourable trade balance accruing from unrecorded trade has been not very much larger than the above estimate suggests.

The ever increasing trade restrictions and State interference with private trading have compelled large numbers of traders to evade all or most official regulations by taking recourse to smuggling. New impetus was given these traders upon the promulgation of China's import control last November. Export smuggling was necessitated by the various State monopolies which required farmers and miners to sell to the government-appointed monopoly (at usually less than 50 percent of the market price), and by the foreign exchange policy of the Central Bank of China made it compulsory for exporters to turn over their export bills to government who again purchased at very much lower rate of exchange than obtained on the market.

Trade and foreign exchange restrictions have been symptomatic of the postwar world; in some countries the manufacturers, financiers and traders have been led to

understand and support such policy; in other countries, while patriotism was preached and selfishness was practised, the people did not respond with any enthusiasm to increasing State control measures but relied on their ingenuity to get by these regulations and controls. State control of trade, industry and banking depends on the cooperation of the people; only good and efficient government can expect popular cooperation.

### Chinese Customs Returns

In the monthly compilations of trade returns, the Chinese Customs have made several conspicuous errors. In previous compilations, the import figures for March, April and May were given as much higher than was subsequently reported. The mistakes have occurred in the Customs Statistical Section and were not explained. However, the differences (as will be seen below) are considerable, amounting to CN\$109 billion on the import side, and CN\$2.6 billion on the export side. According to earlier Customs statistics China's trade in 1946 should have aggregated: CN\$1,610 billion imports, and CN\$414 billion exports.

### Monthly Trade Returns

Month	Exports (in millions of Chinese dollars)		Imports	
	Previous amounts	Revised amounts	Previous amounts	Revised amounts
Jan.	6,337	6,337	10,913	10,753
Feb.	4,544	4,544	16,600	16,264
March	9,280	9,280	49,435	43,082
	20,141	20,141	76,948	70,099
April	7,490	7,490	128,533	93,326
May	19,873	19,873	158,435	90,773
June	18,265	18,265	138,846	138,868
July	30,512	30,512	111,562	111,562
August	63,073	60,424	137,458	137,469
	139,213	136,564	674,834	572,001
Sept.	87,356	—	245,893	—
Oct.	41,805	—	229,334	—
Nov.	72,087	—	227,226	—
Dec.	74,153	—	156,606	—
	255,401	—	859,059	—

## CHINA'S EXPORTS & IMPORTS DURING THE YEAR 1946

Value of Merchandise: By Countries  
(in Millions of CN\$)

	Imports	%	Exports	%
Aden, Perim, etc.	4,129,349	0.27	69,128	0.10
Arabia	3,750,782	0.25	403,314	0.10
Argentina	3,310,438	0.22	250,084	0.06
Australia	2,820,017	1.39	1,302,331	0.32
Belgium	15,783,463	1.05	4,975,821	1.21
Brazil	61,308,797	4.08	751,257	0.18
British India	131,299,903	8.75	21,706,194	5.27
British North Borneo	1,423,582	0.10	33	—
Burma	1,489,739	0.10	635,196	0.15
Canada	27,242,358	1.81	2,564,288	0.62
Denmark	554,334	0.04	1,118,066	0.27
Egypt	9,203,443	0.61	5,173,382	1.25
Finland	5,372,335	0.36	—	—
France	2,984,048	0.20	7,262,584	1.76
French Indochina	9,377,344	0.62	1,063,910	0.26
Germany	5,714,064	0.38	—	—
Great Britain	68,903,143	4.59	18,074,840	4.39
Hongkong	67,220,723	4.48	116,415,863	28.25
Iran (Persia)	19,479,256	1.30	1,233,859	0.30
Italy	5,757,709	0.38	935,625	0.23
Japan	6,065,119	0.40	12,831,419	3.11
Macao	2,050,132	0.14	6,117,326	1.48
Malta	39,179	—	—	—
Mexico	35,229,210	2.35	153,138	0.04
Netherlands	1,164,774	0.08	1,434,394	0.35
Netherlands East Indies	5,051,291	0.34	130,194	0.03
Norway	13,962,605	0.93	1,006,643	0.24
Paraguay	8,642,854	0.58	—	—
Peru	1,318,744	0.09	2,013	—
Philippines	7,876,699	0.52	5,416,667	1.31
South Africa	590,209	0.04	1,318,652	0.32
Straits Settlements	30,383,722	2.02	9,801,673	2.38
Sweden	18,365,583	1.22	3,037,098	0.74
Switzerland	26,541,690	1.77	2,083,646	0.51
Siam	8,640,631	0.44	2,635,913	0.64
U. S. A.	858,047,674	57.16	158,536,638	38.71
U. S. S. R.	9,734,371	0.65	20,592,669	5.00
Other Countries	4,353,993	0.29	2,078,153	0.50
	1,501,165,246	100.00	412,111,811	100.00



(Total of previous amounts: exports 414,755; imports 1,610,841).

Total of revised amounts: exports 412,106; imports 1,501,159.

#### U.S. Dollar Equivalents

The US\$ equivalents for the foreign trade of China are as follows:

	Exports	Imports
Jan./March	16	59
April/Aug.	68	286
Sept./Dec.	77	260
	161	605

The adverse trade balance of China for 1946 amounts accordingly to US\$444 million. (Shanghai's trade deficit for 1946 amounted to US\$417 mil.).

Below are published the export and import statistics of China for the months of October, November and December 1946, and for the whole year 1946. Monthly foreign trade statistics for the period January to September 1946 will be found in our issue of December 11, 1946, pp. 12/13 (Shanghai's 1946 trade statistics have been published in our February 26 issue, pp. 12/3).

#### Hongkong's Trade with China

According to the Chinese Customs returns, Hongkong exported goods to China valued at CN\$67 billion, and imported from China goods valued CN\$116 billion, resulting in a favourable trade balance for China of CN\$49 billion. China's trade with Hongkong amounted to 44 percent of total Chinese imports, and 284 percent of total Chinese exports. Computed into Hongkong dollars at the various official exchange rates of the Central Bank of China as prevailing during 1946, the trade of Hongkong with China should amount to the following equivalents:

China's imports from Hongkong about ..... HK\$100 million  
China's exports to Hongkong about ..... " 172 "

Resulting in a favourable balance of ..... HK\$ 72 million

However, the statistics of the Hongkong Dept. of Imports & Exports, while corroborating Chinese figures as regards a favourable trade balance of China in its trade with the Colony, recorded HK\$327.2 million of imports from, and HK\$301.4 million exports to China for the year 1946, resulting in an unfavourable balance of trade (for Hongkong) of HK\$25.8 million.

Whilst Hongkong recorded exports of treasure to China during 1946, aggregating a value of HK\$6.8 million, the Chinese statistics do not show any figure for treasure imports from Hongkong into China.

It appears from a comparison of the approximate HK\$ equivalent of Chinese Customs recorded trade with the Colony, and the trade returns of Hongkong, that exports from Hongkong to China were about 200 percent larger, and imports from China into Hongkong were about 90 percent larger than stated by the Chinese Maritime Customs. Actual trade between the Colony and China may have exceeded the figures as compiled by the Hongkong Govt.; there has been going on some illicit trade particularly in such goods as have been declared, by the Govt. Dept. of Supplies, Trade & Industry, as prohibited for exportation.

#### The Trade with Macao

It is a well established fact that trade between China and Macao is largely carried on without passing through the Chinese Customs stations which function in and on the sea and land borders of the Portuguese Colony and China. The Chinese Customs figures recorded for 1946: imports from Macao amounting to CN\$2 billion, and exports to Macao CN\$6 billion. Computed into HK\$ (at official Chinese exchange rates as prevailed during various periods of 1946), the equivalent figures are: Imports HK\$33 million, exports HK\$9 million, resulting in a favourable trade balance for China of HK\$6 million.

Macao's trade with Hongkong, for 1946, apart from treasure trade, totalled HK\$78.5 million for exports to Hongkong, and HK\$33.5 million for imports from Hongkong to the Portuguese Colony. Since Macao is not a manufacturing centre nor producing a great variety of foodstuffs, piece goods, bristles, tung oil, spices etc. and is not consuming for its about 200,000 strong population consumer goods valued at over HK\$33 million, the supposition is justified that most of Macao's trade with Hongkong is either originating in, or destined for China.

The Portuguese authorities in Macao do not publish any trade returns although they have made promises that such practice would, in keeping with the rest of the world, be observed soon. It is, of course, a difficult task to reconcile Macao's still unpublished trade returns with those of the Chinese Customs. About 80 percent of Macao's trade with China is carried on without the knowledge of the Chinese Customs.

#### China's Import Control

The virtual embargo on most consumer goods which was enforced in China after November 17, 1946, caused a conspicuous drop in imports for the month of December. After clearing of some previously ordered and paid for commodities (so-called pre-zero commitments of merchants who entered into contracts prior to Nov. 17), imports into China will dwindle further. During the last few months of 1946, imports into China averaged per month US\$65 million. According to the announced import quotas of China

for the first period (Feb.-April 1947), and for the first six months of the current year, a monthly import average of US\$30 to 40 million must be anticipated, which, in fact, will mean 40 to 50 percent reduction of imports into China for 1947 as compared to recent import averages of 1946.

In terms of CN\$, of course, trade returns will greatly swell as a consequence of the revision of the official exchange rate (from previously CN\$3,350 to 12,000 per US\$1 last February). Exports from China will probably remain on their level as maintained during recent months when they averaged US\$16/20 million per month. Provided that an increase in Chinese exports should prove impossible for the next few months to come, and imports will be maintained according to the announced import quotas, a monthly trade deficit of about US\$15-20 million will have to be faced. It is likely that China can afford to carry through 1947 with an approx. US\$200 million unfavourable trade balance.

#### CHINA'S EXPORTS

By Groups of Merchandise for October, November, December, 1946 and the Year of 1946 (in Millions of CN\$)

	October C.N.\$	November C.N.\$	December C.N.\$	Year 1946 C.N.\$
Animals and Animal Products .....	9,870,280	14,594,886	15,933,484	87,828,901
Hides, Leather, and Skin (Furs) .....	1,648,438	691,234	492,548	23,108,153
Fishery and Sea Products .....	168,525	151,742	368,823	1,848,998
Beans and Peas .....	281,448	724,842	1,692,866	3,502,601
Cereals and Cereal Products .....	40,079	394,862	278,429	2,127,842
Dyestuffs, Vegetable .....	60,980	145,672	182,933	684,349
Fruits, Fresh, Dried and Preserved ..	859,494	1,116,611	1,608,530	6,978,048
Medicinal Substances and Spices (not including Chemicals) .....	1,356,859	2,376,732	1,892,932	16,452,677
Oils, Tallow, and Wax .....	5,515,943	17,101,584	20,950,037	71,393,676
Seeds .....	461,259	354,028	1,032,158	3,128,918
Spirituous Beverages .....	21,113	246,391	258,803	1,104,590
Sugar .....	21,915	10,761	480,136	600,879
Tea .....	2,157,088	3,096,486	4,072,832	15,340,617
Tobacco .....	56,116	1,126,142	225,034	2,982,717
Vegetables .....	962,859	1,024,882	970,983	7,993,614
Other Vegetable Products .....	491,613	1,349,054	687,629	4,887,535
Bamboo .....	98,528	183,790	163,989	1,086,659
Fuel .....	558,156	909,112	93,995	4,250,055
Rattan .....	3,269	6,685	11,435	35,483
Timber, Wood, & Manufactures thereof	336,960	462,751	366,843	3,181,491
Paper .....	619,314	840,003	896,700	5,228,624
Textile Fibres .....	1,333,685	4,273,606	3,593,648	39,943,941
Yarn, Thread, and Plaited and Knitted Goods .....	2,096,876	1,977,872	1,367,414	16,426,188
Piece Goods .....	1,810,749	3,694,387	1,843,036	16,228,529
Other Textile Products .....	1,088,457	1,793,527	1,321,586	12,136,955
Ores, Metals, and Metallic Products ..	5,176,190	6,320,072	3,361,541	23,237,143
Glass and Glassware .....	153,031	198,251	252,476	1,311,962
Stone, Earth, Sand, and Manufactures thereof (including Chinaware and Enamelledware) .....	436,757	618,246	476,620	3,686,771
Chemicals and Chemical Products .....	1,621,978	2,622,929	3,925,545	13,346,135
Printed Matter .....	47,039	86,026	167,178	783,455
Sundry .....	2,451,209	3,594,629	4,338,602	21,486,345
Total .....	41,805,207	72,087,795	74,153,765	412,111,811

#### CHINA'S IMPORTS

By Groups of Merchandise for October, November, December, 1946 and the Year of 1946 (in Millions of CN\$)

	October C.N.\$	November C.N.\$	December C.N.\$	Year 1946 C.N.\$
Cotton Piece Goods, Grey .....	240,872	173,610	130,044	3,743,589
Cotton Piece Goods, White or Dyed ..	6,453,865	552,248	1,407,582	37,360,524
Cotton Piece Goods, Printed .....	110,121	172,770	1,209,710	3,019,084
Cotton Piece Goods, Miscellaneous ..	51,630	356,872	102,878	3,708,161
Cotton, Raw; Cotton Yarn, and Cotton Thread .....	25,873,994	17,861,927	8,608,554	336,917,428
Cotton Manufactures, Sundry .....	1,233,315	868,564	348,546	6,314,537
Flax, Ramie, Hemp, Jute, and Manufactures thereof .....	3,527,603	2,520,461	1,838,776	16,925,524
Wool and Manufactures thereof .....	20,909,031	15,066,165	12,897,481	74,437,016
Silk (including Artificial Silk) and Manufactures thereof .....	176,613	41,010	130,811	1,239,576
Metals and Ores .....	11,687,478	16,733,176	9,301,609	76,272,195
Machinery and Tools .....	11,468,417	7,836,858	3,641,051	43,631,801
Vehicles and Vessels .....	22,343,855	30,599,806	11,090,844	97,905,413
Miscellaneous Metal Manufactures ..	5,571,855	10,292,617	6,603,829	51,257,981
Fishery and Sea Products .....	1,794,358	1,093,615	1,925,607	11,679,810
Animal Products, Canned Goods, and Groceries .....	5,577,354	2,227,290	3,519,936	31,589,599
Cereals and Flour .....	2,850,544	13,386,288	6,188,016	38,754,033
Fruits, Seeds, and Vegetables .....	2,012,256	1,254,892	1,715,102	18,182,861
Medicinal Substances and Spices .....	592,262	650,145	683,169	7,586,259
Sugar .....	904,111	330,535	312,711	2,188,586
Wines, Beer, Spirits, Table Waters, etc.	190,753	250,102	138,840	1,480,313
Tobacco .....	9,352,181	9,443,045	10,440,400	55,483,205
Chemicals and Pharmaceuticals .....	16,742,265	12,400,925	9,304,270	95,147,798
Dyes, Pigments, Paints, & Varnishes ..	10,612,174	9,716,246	9,878,723	61,346,604
Candles, Soap, Oils, Fats, Waxes, Gums, and Resins .....	23,795,970	23,434,085	23,154,966	174,075,982
Books, Maps, Paper, and Wood Pulp ..	16,758,993	19,695,786	13,501,222	95,271,565
Hides, Leather, and other Animal Substances .....	5,206,695	3,066,612	1,714,972	24,885,187
Timber .....	2,436,966	9,006,686	4,928,437	25,127,315
Wood, Bamboos, Rattans, Coir, Straw, and Manufactures thereof .....	1,491,129	808,751	621,671	7,051,743
Coal, Fuel, Pitch, and Tar .....	1,306,782	1,402,979	1,351,634	7,943,499
Chinaware, Enamelledware, Glass, etc.	1,502,384	742,687	686,224	4,452,402
Stone, Earth, & Manufactures thereof ..	379,852	748,351	753,912	7,600,079
Sundry .....	13,177,351	13,251,071	8,475,606	79,479,577
Total .....	229,334,029	227,226,177	156,606,863	1,501,165,246



## CHINA'S SHIPPING IN 1946

Rehabilitation of China's shipping in 1946 was very slow; the situation had been reviewed previously in our issue of Feb. 26, page 114 (Shanghai's Shipping in 1946). Total tonnage for vessels entered from and cleared for abroad during 1946 was 11,735,000. During December a total of 4,860 ships and Chinese junks of an aggregate tonnage of 1,249,000 were recorded which figure was higher than the average, and leads one to hope that further slow progress in the postwar expansion of Chinese foreign shipping can be expected.

Compared to Hongkong's shipping returns for 1946, the results attained by Chinese shipping (which always includes, as will be seen from the tables below, a fair percentage of junks) must be regarded as unsatisfactory; Hongkong's 1946 total tonnage for ocean and river going shipping amounted to 9,164,000, and December 1946, and January 1947, recorded respectively 1,110,000 and 1,329,000 tons.

The insistence by Chinese private shipping interests to exclude foreign flags from Chinese coastal traffic has inflicted unnecessary hardships on merchants and traders. The nationalistic arguments advanced by Chinese shipping magnates, which actually are only camouflage for an excessive urge to make still larger profits and cash in on the present abnormal

shipping position of China, have served as basis for negotiations between the Chinese Government and foreign commercial missions who intended to have foreign shipping resume in China's coastal waters until adequate shipping facilities by the Chinese official and private shipping companies would be made available. However, in the face of stubborn refusals by profit-obsessed shipping circles in Shanghai, who interpret patriotism in a way remunerative only to themselves, the coastal and inland river shipping position of China remains crippled. Chinese Govt. negotiators are, it appears, aware of the deterioration which China's shipping is confronted with in case of continued banning of foreign shipping from China's coastal waters.

The nature of current Sino-foreign conversation is described as "delicate" which is understandable seeing that the national interest of China would require the temporary permission for foreign ships to participate and help in coastal communications of China, while on the other hand private shipping interests in Shanghai, with furious nationalistic gesticulations and demonstrations, demand the continued embargo on foreign ships in China's coastal waters. The outcome of the battle of reason vs. unbridled profit-seeking is still on and may soon end in a compromise solution

which would benefit Chinese shipping progress, bring about, by sound competition, a reduction in current excessive passenger and cargo tariffs, and should not cut into the budgets of private Chinese shipping companies since foreign ships would not encroach on present nearby coastal communications but would intensify and expand shipping lines along the coast.

### U.S. and British Shipping

American and British flags were leading in China's shipping in 1946; American ships accounted for abt. 33%, and British ships for 26% of the total tonnage. The trend during recent months, however, favoured the comeback of British ships to the top position in China's shipping returns. In December 1946, British ships had already outdistanced American ships as will be seen from the tabulation below.

Conspicuous was the part which Japanese ships played in China's shipping; there cannot be any doubt that Japanese vessels will be on the increase in the foreign trade of China. Norwegian flags were most prominent of all Continental Europe flags in China's 1946 shipping, followed by Dutch, Danish and Swedish flags. USSR flags were not much in evidence on account of the Soviet present policy to abstain from international shipping and attend only to carrying of cargo from or to the USSR in Soviet bottoms.

### Chinese Ports

As will be seen from the table of China's exports and imports: By Ports, the leading Chinese ports as far as value of merchandise is concerned, were:

Merchandise Imported into Chinese Ports: Shanghai 85.33%, Canton 3.13%, Tientsin 3.05%, Kowloon 2.51%, Taingtao 1.42%, Swatow 1.36%;

Merchandise Exported from Chinese Ports: Shanghai 61.95%, Tientsin 11.15%, Canton 8.75%, Wuchow 3.72%, Taingtao 2.90%, Swatow 2.81%, Kowloon 2.02%, Tainan 1.81%, Kongmoon 1.21%.

As regards the handling of tonnage, the following ports were the leading ones during 1946: Shanghai; Kowloon; Canton; Swatow; Amoy; Tientsin; Taingtao; Lappa (which are these ports having handled tonnage of over 300,000 during the year). Remarkable is the preponderant share of South China ports; while Shanghai's total tonnage aggregated 6,190,000, and North China ports 1,060,000, the ports of South China (from Foochow to Luichow) handled tonnage of about 4½ million tons.

The comparative fast recovery of South China ports is due to the existence of Hongkong, and the relative absence of peace disturbances and war operations; the stability of the Colony and the energetic promotion of commercial activity from Hongkong have strongly influenced the tempo of trade rehabilitation in South China. The ports of Kowloon, Canton, Swatow, Amoy and Lappa handled almost 4 million tons during 1946, which figure does not include the innumerable native steam and motor junks and other small craft which evaded Chinese Customs registration either for the purpose of carrying contraband or for convenience of the native skippers and shipowners. The actual native shipping returns in South China waters are considerably larger than shown in the statistics below.

From the shipping returns it can also be deduced that foreign trade with Manchuria had not yet started during 1946, while international trade with Taiwan (compare the port returns of Tainan and Taipei) resumed on an as yet very small basis.

### VESSELS ENTERED FROM & CLEARED FOR ABROAD: BY FLAGS

Flag	December 1946		Cleared		Total December		1946: Total Jan.-Dec.	
	No.	Tons	No.	Tons	No.	Tons	No.	Tons
American .....	28	107,212	27	117,953	55	225,165	1,112	3,833,119
British .....	111	168,360	110	173,896	221	342,256	1,771	3,084,133
Chinese (Excluding Junks) .....	1,224	91,418	1,189	77,997	2,413	169,415	19,366	1,412,260
Chinese Junks .....	984	67,764	1,040	71,223	2,024	138,987	16,343	1,325,994
Danish .....	4	17,373	4	15,122	8	32,495	48	223,272
French .....	2	13,845	2	13,845	4	27,690	18	59,512
Japanese .....	7	18,047	9	30,064	18	48,111	195	358,234
Netherlands .....	11	48,239	11	50,362	22	98,601	115	461,167
Norwegian .....	24	42,405	22	42,154	46	84,559	234	485,925
Panamanian .....	8	13,729	8	13,729	16	27,458	75	162,579
Philippine .....	4	8,365	4	8,365	8	16,730	30	44,600
Swedish .....	4	9,950	5	11,459	9	21,409	42	118,702
U.S.S.R. (Russian) .....	3	7,064	3	7,064	6	14,128	30	75,682
Others .....	1	1,246	1	1,246	2	2,492	12	41,294
Total: Dec. 1946 .....	2,415	615,017	2,435	634,479	4,850	1,249,496		
Total: Jan.-Dec. 1946 .....	19,826	6,007,062	19,565	5,728,411			39,391	11,735,473

### VESSELS ENTERED FROM & CLEARED FOR ABROAD: BY PORTS

Port	December 1946		Cleared		Total December		1946: Total Jan.-Dec.	
	No.	Tons	No.	Tons	No.	Tons	No.	Tons
Newchwang .....	1	54	—	—	1	54	1	54
Chinwangtao .....	5	15,746	4	19,197	9	34,943	103	285,944
Tientsin .....	5	14,680	4	16,443	9	31,123	139	442,685
Tsingtao .....	8	25,553	8	20,695	16	46,248	103	321,992
Shanghai .....	82	278,312	76	283,242	158	561,554	1,677	6,190,855
Ningpo .....	—	—	—	—	—	—	2	888
Foochow .....	6	9,187	5	8,818	11	18,005	72	78,673
Amoy .....	17	38,800	17	37,445	34	76,245	128	449,322
Tainan .....	2	6,006	6	20,062	8	26,068	86	147,897
Taipei .....	—	—	—	—	—	—	107	123,853
Swatow .....	23	30,698	24	34,185	47	64,883	786	530,844
Canton .....	257	61,494	306	61,758	563	123,252	8,959	1,236,479
Kowloon .....	1,342	67,690	1,331	87,310	2,673	175,000	18,808	1,456,589
Lappa .....	630	22,926	618	21,395	1,248	44,321	8,837	307,837
Nanning .....	11	1,849	9	1,798	20	3,647	274	27,161
Luichow .....	26	22,022	27	22,131	53	44,153	1,219	134,410
Total: Dec. 1946 .....	2,415	615,017	2,435	634,479	4,850	1,249,496		
Total: Jan.-Dec. 1946 .....	19,826	6,007,062	19,565	5,728,411			39,391	11,735,473

### CHINA'S EXPORTS & IMPORTS FOR THE YEAR 1946

Value of Merchandise:					By Ports					Value of Merchandise:					By Ports				
(in thousands of CN\$; 000 omitted)					(in thousands of CN\$; 000 omitted)					(in thousands of CN\$; 000 omitted)					(in thousands of CN\$; 000 omitted)				
Ports	C.N.\$	%	Imports	Exports	Ports	C.N.\$	%	Imports	Exports	Ports	C.N.\$	%	Imports	Exports	Ports	C.N.\$	%	Imports	Exports
Newchwang .....	496,867	0.03	—	—	Swatow .....	20,629,961	1.37	11,562,764	2.81	Swatow .....	20,629,961	1.37	11,562,764	2.81	Swatow .....	20,629,961	1.37	11,562,764	2.81
Chinwangtao .....	5,847,032	0.38	—	—	Canton .....	47,013,628	3.13	36,040,163	8.75	Canton .....	47,013,628	3.13	36,040,163	8.75	Canton .....	47,013,628	3.13	36,040,163	8.75
Tientsin .....	45,756,658	3.05	—	—	Kukong .....	3,266	—	—	—	Kukong .....	3,266	—	—	—	Kukong .....	3,266	—	—	—
Tsingtao .....	21,405,294	1.42	—	—	Kowloon .....	37,726,182	2.51	8,326,576	2.02	Kowloon .....	37,726,182	2.51	8,326,576	2.02	Kowloon .....	37,726,182	2.51	8,326,576	2.02
Chungking .....	880,743	0.06	—	—	Lappa .....	3,133,657	0.21	3,794,257	0.92	Lappa .....	3,133,657	0.21	3,794,257	0.92	Lappa .....	3,133,657	0.21	3,794,257	0.92
Hankow .....	1,322,267	0.09	—	—	Kongmoon .....	3,639,824	0.24	4,978,866	1.21	Kongmoon .....	3,639,824	0.24	4,978,866	1.21	Kongmoon .....	3,639,824	0.24	4,978,866	1.21
Nanking .....	626,271	0.03	—	—	Wuchow .....	38,613	0.10	15,328,444	3.72	Wuchow .....	38,613	0.10	15,328,444	3.72	Wuchow .....	38,613	0.10	15,328,444	3.72
Shanghai .....	1,280,916,920	85.33	255,303,759	61.95	Nanning .....	1,448,167	0.10	538,390	0.15	Nanning .....	1,448,167	0.10	538,390	0.15	Nanning .....	1,448,167	0.10	538,390	0.15
Ningpo .....	133,847	0.01	—	—	Luichow .....	4,478,806	0.30	2,571,708	0.62	Luichow .....	4,478,806	0.30	2,571,708	0.62	Luichow .....	4,478,806	0.30	2,571,708	0.62
Wenchow .....	3,799	—	—	—	Kunming .....	13,060,530	0.87	504,211	0.12	Kunming .....	13,060,530	0.87	504,211	0.12	Kunming .....	13,060,530	0.87	504,211	0.12
Foochow .....	848,143	0.06	—	—	Tengchung .....	2,835,780	0.19	551,429	0.13	Tengchung .....	2,835,780	0.19	551,429	0.13	Tengchung .....	2,835,780	0.19	551,429	0.13
Amoy .....	7,681,219	0.51	—	—	Sinkiang .....	316,046	0.02	502,356	0.12	Sinkiang .....	316,046	0.02	502,356	0.12	Sinkiang .....	316,046	0.02	502,356	0.12
Tainan .....	122,405	0.01	—	—															
Taipei .....	1,206,421	0.08	—	—															
Total .....					Total .....	1,501,165,246	100.00	412,111,811	100.00	Total .....	1,501,165,246	100.00	412,111,811	100.00	Total .....	1,501,165,246	100.00	412,111,811	100.00



## UNRRA Supplies and China

China has received goods from UNRRA valued at US\$ 360 million during the period September 1945 to December 31, 1946, that is 11½ percent of the total relief and reconstruction supplies given by Unrra. Another approx. US\$ 80 million worth of Unrra supplies are to be shipped to China during the current year when, on June 30, the whole relief program is to come to its end.

Total Unrra supplies during the period ending Dec. 31, 1946 amounted to as per detailed statistics below, US\$ 2,281.8 million; China ranked fifth in the Unrra program, after Poland, Yugoslavia, Greece and Italy. With another US\$ 661 million of Unrra supplies outstanding for shipment during this year, the total Unrra program will have consumed about US\$ 3 billion.

According to the Chinese Customs returns, total Unrra supplies in 1946 valued CN\$ 399 billion, or an average of CN\$ 33 billion per month. In December 1946, Unrra supplies valued CN\$ 24 billion.

Unrra supplies comprised, in terms of CN\$ according to Chinese Maritime Customs valuations, 36 percent of the total of China's imports in 1946. The very great extent of Unrra's help to China can only be appreciated if one takes into consideration that 1946 commercial imports into China were regarded as excessive and the Chinese Govt. had to impose virtual import embargoes in order to reduce the persistent import requirements of the Chinese people. In this light, the great quantity of Unrra supplies corresponding to 36 percent of China's total imports in 1946 assumes added significance.

CN\$ 399 billion would, proceeding in our computation in the same manner as with commercial imports (i.e. calculating at three different foreign exchange rates as prevailed officially in China during 1946), correspond to an equivalent of US\$ 160-170 million. According to Unrra, supplies valued US\$ 286 million, however; this figure covers shipments which had been effected also during the months of Sept.-Dec. 1946, although during the initial period of Unrra relief operation arrivals of relief goods from abroad were small and assumed larger proportions only in the early months of 1947. It must be concluded, therefore, that the Chinese Customs valuations of Unrra relief supplies do not correspond to the valuations of such supplies by Unrra headquarters, or, in other words; that China under-values Unrra supplies in terms of US\$. It is, after all, not the rather fictitious valuations which count in the case of relief and reconstruction supplies, but the actual quantities of foodstuffs, medicines, clothing material etc.

### International Program of UNRRA

Cumulative UNRRA shipments to December 31, 1946, amounted to US\$2,281,769,000. Of this amount 46.7 percent was food, 17.4 percent clothing, 2.8 percent medical supplies, and 27.9 percent equipment and supplies for rehabilitating industry and agriculture. The maining 5.2 percent consisted of military and other surpluses for civilian relief, including food, clothing, medical and sanitary supplies, and rehabilitation equipment.

The principal countries to which aid was given are shown in the following table:

UNRRA Shipments through Dec. 31, 1946 (In millions of U.S. dollars)	
Destination	Value
Albania .....	17.8
Austria .....	99.7
Byelorussia .....	49.0
China .....	265.9
Czechoslovakia .....	224.6
Greece .....	325.6
Italy .....	314.4
Poland .....	407.0
Ukraine .....	159.6
Yugoslavia .....	368.6
Other countries and special projects ...	49.6
<b>Total, all countries ...</b>	<b>2,281.8</b>

A large part of UNRRA shipments has been from the United States. One reason for this is that America's contribution was about 72 percent of the total. Assessments of the contributing countries were based on their respective national incomes for the fiscal year ended December 1943. In addition, the U.S. was in better position to supply the goods needed.

The UNRRA program is almost completed. The unshipped balance as of January 1, 1947, amounted to about US\$661,000,000. Initiation of procurement in the United States for Europe ended December 31, but delivery of some items will run over into the current year.

All contracts for the delivery of goods to UNRRA for China are to be consummated by June 30. UNRRA shipments, therefore, will not figure heavily in the international movement of goods in 1947.

### UNRRA Supplies to China during 1946

Following are detailed quantities of the major relief and reconstruction supplies shipped into China during 1946:

Cotton piece goods abt. 20 million metres; Raw cotton 632,000 quintals (100 kgs); Sundry cotton manufactures over 5 million kilograms; Flax, Ramie, Hemp and Jute goods abt. 60,000 quintals; Wool, woollen goods abt. 10 million kilograms.

Metals and metal goods: 9,800 quintals of copper wire, 32,000 qu. of iron bars; 410,000 qu. of iron rails, 51,800 qu. of iron & steel tubes and pipes, 13,000 qu. of structural sections or building forms (fabricated for use), etc.

Machinery & Tools: 18,500 quintals of prime movers, 51,000 qu. of cigarette manufacturing parts, 146,000 qu. of hand tools, etc. Vehicles & vessels: 3,657 railway and tramway cars, 109,000 qu. of railway materials, 5,319 motor tractors, trailers and trucks, 13,000 qu. of motorcar parts, 6,680 qu. of other vehicles and parts, 318,000 qu. of ships, boats and materials, etc.

Miscellaneous Metal Manufactures: 18,000 qu. of scientific instruments, 25,000 qu. of electrical fittings, fixtures and materials, abt. 80,000 qu. of various metal manufactures, etc.

Foodstuffs: 38 million kilos of milk food, 36 million kilos of canned foodstuffs, 7 million kilos of groceries, over 300,000 tons of rice, 354,000 tons of wheat, 122,000 tons of wheat flour, almost 20 million kilos of other flours, 19,500 tons of beans and peas, 4,000 quintals of sugar, etc.

Chemicals & Pharmaceuticals: 12,000 tons of sulphate of ammonia, 17,700 tons of fertilizers, 46,000 quintals of chemicals and compounds, 10½ million kilos of medicines and drugs, etc.

Large quantities of building materials of any description, timber, cement, etc.—Leather and over 2 million pairs of shoes—Gasoline, lubricating oil—Paper, books.

## Coal Shortages in China

Stock piles of coal on hand in the Shanghai area were expected to be practically exhausted by February 1. No conservation measures are planned, however, as the situation was expected to improve.

Minimum requirements for Shanghai industry for January were estimated at 160,000 tons. The supply made available was estimated at 120,000 tons, including 40,000 tons from stock piles. This left a reserve of about 70,000 tons.

The only two sources of supply are the Kailan mines and Formosa. Shipments of Kailan coal clearing from Chiniwangtao in January were not expected to exceed 90,000 tons, compared with the usual monthly clearances of 150,000 tons. This is attributed chiefly to difficulties in transporting coal from the mines to the port. In early January, 200,000 tons were at the pits awaiting transportation.

January shipments from Keelung, Formosa, were not expected to exceed 30,000 tons, as compared with a former monthly average of about 60,000 tons. This decrease is attributed to administrative difficulties at the mines and demands of the new sugar refineries in Formosa.

Tsiaoao, a large coal-producing center in northern Honan may soon resume larger output, following the successful arrangements through the National Resources Commission of a large loan from the four Government banks to the Chung-yuan and Chungfo coal companies.

When these two major coal companies in Tsiaoao resume operations, more than 100,000 workers thrown out of jobs by the war will return to the coal mines. The daily output is expected to reach 2,000 tons in 2 months. At present the companies have about 100,000 tons of coal in stock waiting for shipment to the fuel-hungry Shanghai-Nanking area.

The restoration of the mines is all the more urgent because the Taokow-Tsingyang branch line of Peiping-Hankow Railway, which runs crosswise through northern Honan, is being repaired. Both lines in the prewar days relied heavily on Tsiaoao for coal supply.

When the war broke out, the two companies with the help of Government removed about 60,000 tons of machines to the interior to operate coal mines in Szechwan. The war has not caused serious damage to the Tsiaoao mines.

## Report from Japan COTTON YARN PRODUCTION

Production of cotton yarns in Japan in December 1946 rose to 26,960,000 pounds, from 23,664,000 in November, representing 92.3 per cent of the production goal.

In December, 2,117,607 spindles were in operation out of a total of 2,539,696 installed, as compared with 1,849,651 operating in November out of a total of 2,476,097.

Production of cotton cloth increased to 49,250,000 square yards in December from 44,938,000 in November. Mill stocks of woven fabrics were increased by approximately 11,000,000 square yards. Fabrics for export are being held up awaiting instructions for finishing.

### GENERAL CONDITIONS

The level of Japan's foreign trade is bound up with the problems of reparations and production level, neither of which has been finally determined. Exports are permitted to the extent necessary to provide means for purchasing minimum essential imports, such as food, fuel oil, and medical supplies.

The lowering of Japan from its former rank among the primary traders of the world to a position in keeping with the Potsdam Declaration poses a problem of adjustment in Asia where low incomes have made low price a prime consideration. For example, Japan was the world's largest supplier of piece goods on a volume basis and Asia, the world's largest importer of cotton textiles, ranked first as buyer of the Japanese goods. Japan was an important supplier to India, Ceylon, British Malaya, the Philippines, French Indochina, Siam, China, and the Netherlands Indies.

Since the end of the war, most of Japan's exports have been shipped to the United States. Imports into America from Japan during 1946 consisted principally of raw silk. More than 7,800,000 pounds were imported from that source during the first 11 months of the year.

All trade is under strict control. There is no private trading as yet. Exports to the United States are handled by the U. S. Commercial Company.

Eventually foreign trade with Japan will be restored to private hands, but the reopening of private trade is difficult until the extent of reparations and the level of production have been determined. Another difficulty to be overcome is the current financial instability and economic disorganization of Japan which make it difficult at present to establish a satisfactory rate of exchange.

### NONESSENTIAL PRODUCTION FOR EXPORTS

The diversion of critical materials into the production of nonessential items has been prohibited by Regulation Number 6 of the Economic Stabilization Board, issued January 22, 1947. This is the first definite step by the Japanese Government to curtail production of nonessential items, particularly those made from metal, leather, textiles, and rubber materials.

The restriction does not apply to the manufacture of goods required for export, medical use, technical research, and for the procurement demands of the occupation authorities. Critical articles already in process may be completed; repair or remodeling of previously manufactured items are permitted.

To insure enforcement of this regulation, sales of the prohibited items within 90 days after the date of its promulgation must have the approval of the prefectural authorities. The extension, moreover, is limited to 120 days following the date of the regulation, after which all sales of such items will be unlawful.



## Hongkong Stock & Share Market

Last week saw an unusually large turn-over on the Stock Exchange. Large parcels of utility shares, Dairy Farms and especially Hotels changed hands. New money comes into the market almost daily and demand from outports is on the increase. Interest in local shares and other forms of investment in the Colony is growing among outport capitalists. The time has come when the strong and increasing demand from the investing public both here and abroad could only be satisfied if the market could considerably expand. That can be brought about by the flotation of the Government Loan, issue of more shares by a number of local public companies, and early introduction of trading in stocks and shares which were in prewar days listed and quoted on the Shanghai Stock Exchange.

An average turnover of shares on the local market would amount to about \$1 million and over. Strong days have recorded double this amount. If Government would have already instituted the collection of Stamp duty, revenue from the daily turnover could have contributed, as a welcome relief, to the strained finances of the Colony. It is anticipated that the Stamp duty will amount to about 5 cents per \$100, to be paid by both the buyer and the seller, which would equal one per mille. Revenue from this source should yield from \$400,000 to 500,000 per year, provided that business will remain on the current level; however, it is more than likely that business turnover will increase by leaps and bounds once all restrictions on trading are removed by Government in which case revenue from Stamp duty could be conservatively estimated at \$1 million.

Most local companies' assets are very much undervalued and require a realistic revaluation. As some conspicuous cases one can mention H.K. Lands, Dairy Farms, Electrics, Star Ferries, Hotels whose assets as shown in their balance sheets are in urgent need of revaluation.

The excellent business results achieved by Hotels, and reinforced by the recent sales of H.K. Garage and Palace Hotel in Shanghai, should, as is reported in the market, not only result in the shareholders enjoying a good dividend (probably \$1) but also in a return of capital (about \$2.50). The company has obtained some 7½ million from sales of the Garage (\$2 million odd) and Palace Hotel (\$5½ million). Rehabilitation expenses for the properties of the company can easily be paid from current earnings which show increases month by month. It is reported in the market that H.K. Hotels intend to construct new buildings in the Colony, and the erection of a hotel on the Peak should, if the rumour can be confirmed, prove of great value for the Colony as a future centre of international tourist traffic.

Last week approx. 60/70,000 shares of Hotels changed hands which accounted for the largest individual turnover of the week. Larger lots of Star Ferries, which always have steady buyers, were done. Electrics are always in the limelight of the investing and speculating public. Banks also sold in larger lots and continue in strong demand which is only natural seeing that the balance sheet of the Bank reveals a uniquely sound financial position which cannot be matched by many world banks both in England and the U.S.

The question of the non-payment of a dividend by Electrics, in spite of their remarkably good earning record in 1946, caused much comment in the market and not too flattering for the Company's Directors. It is a controversial issue on which the majority of shareholders appear to be united in not appreciating the arguments advanced by the Chairman of the Company. The strength of the balance sheet of Electrics, while stimulating a good demand on the market, has supplied ammunition for the dissatisfied shareholders, who have not received one cent for the last 6 years, and claim that a local Shareholders Protection Society (along the lines of the Shareholders Protection association which is at present set up in London) would greatly benefit the interests of the investing public in the Colony. The formation of such Protection society has been discussed here and it may eventually be realised.

The Trading Hall at No. 10 Icehouse Street is now daily frequented by most of the 54 registered members of the Stock Exchange Ltd. Telephones, either direct lines or extensions from the brokers' offices, and desks are to be installed soon. The Committee of the Exchange has approved

meanwhile 10 authorised clerks and 8 interpreters which were nominated by members. Only members, however, can attend at the daily meetings at the Trading Hall.

A new applicant for a seat at the Exchange is Mr. Li Chok-lai, of 705, Bank of East Asia Building. If Mr. Li will be passed by the Committee there will be 55 brokers registered with the Exchange.

### Annual Meetings

Hongkong & Shanghai Banking Corporation .....	March 28
Chinese Estates, Ltd. ....	" 28
Bank of Canton, Ltd. ....	" 29
China Entertainment & Land Investment Co., Ltd. ....	" 31
China Light & Power Co., Ltd. ...	April 12

### Chinese Estates, Ltd.

The 20th ordinary yearly meeting of shareholders of Chinese Estates, Ltd. owning the China Buildings (Inland lots 2317/18) valued as per balance sheet of Dec. 31, 1946, at \$2,275,000, will be held on March 28, when the following Accounts will be presented together with the Directors' proposal to dispose of the profits for 1946.

The net profit for the year, after providing for Reserve for Depreciation on China Buildings \$60,000.00, Directors' and Auditor's Fees and all Expenses, amounts to \$151,797 which, added to \$11,798 brought forward from last account, shows a total of \$163,595. Deducting therefrom the 1st Interim Dividend amounting to \$66,000 declared on 31.8.46, the sum of \$97,595 remains, which will be apportioned as follows:—

To pay a Final Dividend of \$4 per share on 16,500 shares	\$66,000
To carry forward to New Account .....	31,595
	\$97,595

Directors of the Company are: Mr. Leung Kwai-tin, Chairman, Sir Robert Kotewall, Messrs. Fung Ping-fan, Leung Ting-kai, Li Ka-ze, Li Yik-mul, and Lau Tak-po.

The authorised capital amounts to \$3 million and the issued capital (16,000 shares of \$100 each) to \$1,650,000. Reserve for depreciation on China buildings stands now at \$676,561. The total rents of China buildings amounted to \$344,818 for the year 1946.

### The Bank of East Asia, Ltd.

At the 28th ordinary annual meeting of shareholders of the Bank of East Asia, Ltd. the Report of the Directors and the Proposal to deal with the profit of \$1,361,050 (compare our issue March 19, page 146) was adopted. At the extraordinary meeting of the Bank the Directors' proposal regarding the increase of capital (compare our issue March 5, page 123) was unanimously adopted.

The net profit for the year including the balance brought forward from last year's account amounts to \$1,361,050 which is regarded as highly satisfactory, and was mainly due to the substantial increase of deposits and the large volume of overseas remittances through the Colony. The other main sources of revenue were rents from offices in the bank building and from safe deposit boxes.

The total amount of deposits up to the end of 1946 of \$51,992,673 is the highest record in the Bank's history and is a striking evidence of public confidence and good will in the bank. With the view of helping the speedy rehabilitation and restoration of the Colony's trade the Bank started expansion of the loan business by making advances to both commercial and industrial enterprises which resulted in an increase of about \$64 million over the previous year. However the demand for such loans was less than the Bank anticipated. At the end of the year 1946 there was cash available of over \$524 million representing well over 100% against liabilities on deposits.

The business of overseas remittances during the year has shown steady increase. It is the object of the Bank to further develop this line of business as opportunity offers. Active negotiations with interested parties are being carried out and arrangements are being made whereby the Bank's service to overseas clients will be expanded. Operation on the field of Foreign Exchange was very much restricted, and will remain so until conditions governing Exchange Control may change.

## BALANCE SHEET OF THE HONGKONG & SHANGHAI BANKING CORPORATION

AT DECEMBER 31, 1946

	HK\$	
<b>SHARE CAPITAL</b>		
Authorised and Issued:		
160,000 Shares of HK\$125 each fully paid .....	20,000,000	
<b>RESERVE LIABILITY OF MEMBERS</b>		
160,000 Shares at HK\$125 per Share HK\$ 20,000,000		
<b>RESERVE FUND</b>		
Balance at 31st Dec. 1945 ... HK\$115,200,000		
Less Amount transferred to Provision for Contingencies in respect of losses arising as a result of war .....	18,189,474	97,010,526
<b>PROFIT &amp; LOSS ACCOUNT ...</b>	1,841,861	
		118,852,387
<b>HONGKONG CURRENCY NOTES IN CIRCULATION</b>		
Authorised Note Issue against Securities deposited with the Crown Agents for the Colonies HK\$ 46,000,000		
Excess Note Issue against Hongkong Government Certificates of Indebtedness ..	370,092,086	416,092,086
<b>CURRENT, DEPOSIT &amp; OTHER ACCOUNTS</b>		
including Provisions for Bad and Doubtful Debts and Contingencies HK\$1,508,157,036		
<b>PROPOSED DIVIDEND</b> in respect of year ended 31st December 1946 .....	7,760,842	1,515,917,878
		HK\$2,050,862,351
<b>CASH AT BANKERS AND IN HAND</b> .....	264,231,320	
<b>HONGKONG GOVERNMENT CERTIFICATES OF INDEBTEDNESS</b> .....	370,420,862	
<b>MONEY AT CALL AND SHORT NOTICE</b> .....	273,261,903	
<b>BILLS RECEIVABLE</b> .....	57,907,744	
<b>INVESTMENTS:</b>		
British Government Securities .....	HK\$355,140,080	
Dominion Colonial and other Securities .....	196,355,208	551,495,288
<b>INVESTMENTS IN SUBSIDIARY COMPANIES</b>		
Trustee and Nominee Companies at Hongkong and London .....	1,600,000	
<b>ADVANCES TO CUSTOMERS &amp; OTHER ACCOUNTS</b> including Accounts still subject to Moratorium .....	484,187,128	
<b>BALANCE OF REMITTANCES LESS DRAFTS AND OTHER ITEMS IN TRANSIT</b> .....	28,096,628	
<b>BANK PREMISES</b> at cost less amounts written off .....	19,661,478	
		HK\$2,050,862,351

(Converted into Sterling at the rate of 1/2.27/32 = £126,843,700).



## PROFIT &amp; LOSS ACCOUNT

To Proposed Dividend of £3 per share in respect of the Year ended 31st December, 1946—£480,000 @ 1/2.27/32 .....	HK\$7,760,842
To Balance carried forward to next year, as per Balance Sheet .....	1,841,861
	HK\$9,602,703

By Profit arising from current transactions during the year after making transfers to Provisions for Contingencies, out of which accounts provision has been made for Bad and Doubtful Debts and the estimated amount of the losses arising as a result of war .....	HK\$9,602,703
	HK\$9,602,703

## HONGKONG STOCK EXCHANGE

## Review for the Week (March 17-22):

The beginning of the week was characterised by reticence and quiet conditions prevailed throughout the larger part of the week. The undertone was firm, but some profit-taking changed towards the end of the week the outlook and an easier tone ruled.

H.K. Govt. Loans:—Some sales reported of 4% Loans at £107 and there are still buyers. The 3½% Loans have buyers at £103 with no sales reported for the week.

Banks:—Quite a big block of shares changed hands this week in H.K. Banks. Sales at the beginning of the week were at \$1.660 but at closing sales quoted \$1.715 with buyers at \$1.710. London register sales at £2102 up to £2103.10s. Bank of East Asia ex dividend \$148.

Insurances:—Cantons are in good demand at \$420 without attracting any sellers. Unions changed hands from \$700 to \$710 while H.K. Fires changed hands at \$315 and up to \$330 sales.

Shipping:—This section was again quiet for the week, without any transactions reported.

Docks, Wharves, Godowns, etc.:—Wharves closed firm with buyers at \$162. Opening sales reported at \$155 and closed sales at \$162.50. Docks changed hands at \$19.50 with more buyers. Providents were firm at \$15.25 buyers at the closing. Sales beginning of the week at \$14.40 and up to \$15.25 sales. Some dividend prospects in this stock are talked about in the market.

Lands, Hotels & Buildings:—Hotels were again popular. Shares went up from \$18.75 to as high as \$20.50, with larger parcels having changed hands between these rates. Lands were firm and quoted as high as \$86.75. The lowest done was \$82. Land Debentures had again no sellers. Humphreys reported sales at \$18.50 and have further buyers but the sellers are holding off. Realities also changed hands from \$17.50 to \$19 and then were down again to \$18.50.

Public Utilities:—Trams sales were reported from \$35.50 up to \$37.50. "Star" Ferries are firm at \$85 buyers. Sales reported from \$82 to \$85. Yaumati Ferries changed hands at \$22. China Lights (Old) sales reported at \$11.60 and \$12.20, and closed sellers at \$12. New shares changed hands at \$8 and there are sellers at \$8. Electrics remained very popular throughout the week. Sales reported from \$33.50 up to \$36.75, closing easier at \$36.

Macao Electrics have no buyers since several weeks. Sellers at \$15 without any business done. Telephones (Old) reported sales from \$38.25 to \$39.25 while the new shares changed hands from \$21 to \$21.75.

Industrials:—Canton Ices sold at \$5.25. Cements changed hands from \$15.35 to \$15.75. Ropes had buyers at \$9.90 and there were sales reported at \$9.90.

Stores, etc.:—Dairy Farms appreciated much from \$45 sellers up to \$50. Watsons changed hands from \$28.50 to \$30. The Chinese stores are quiet at the quoted rates.

Quotations as on 22nd March 1947.

Stock	Buyers	Sellers	Business done during the Week, or Last Sales
<b>H.K. Govt. Loans</b>			
4% Loan	107	—	107
3½% Loan (1934)	103	—	—
3½% Loan (1940)	103	—	—
<b>Banks</b>			
H.K. Bank	1,710	—	x.d. 1,710/1,660
H.K. Bank (Lon. Reg.)	—	—	£102½
Chartered Bank	—	—	£11.15/16
Mercantile Bk.	—	—	—
A. & B.	£21	—	—
Bank of East Asia	—	—	x.d. 148
C. Rts.	—	—	—
<b>Insurances</b>			
Canton Ins.	420	—	—
Union Ins.	700	720	705/710
China	—	—	—
Underwriters	80 c.	1	—
H.K. Fire Ins.	—	—	315/330
<b>Shipping</b>			
Douglases	—	—	200
H.K. Steamboats	—	—	12
Indo Chinas (Pref.)	—	—	120
Indo Chinas (Def.)	—	—	300
Sheils (Bearer)	—	—	s/- 102/6
Union Waterboats	—	—	39
C. Rts.	—	17	—
X. Rights	—	—	—
<b>Docks, Wharves, Godowns, etc.</b>			
H.K. & K.	—	—	162/2½/155
Wharves	162	19½	15½
C. Rts	19½	15½	14.85/15
Providents	15	15½	—
<b>Mining</b>			
Raub	—	—	6
H.K. Mines	—	—	2 c.
<b>Lands, Hotels &amp; Bldgs.</b>			
H. & S. Hotels	20.10	20½	20½/20½/18½
H.K. Lands	85½	86½	86/82
H.K. Lands 4%	—	—	—
Debentures	105	—	—
Humphreys	18½	—	18½
H.K. Realities	18½	18½	18½/17½
Chinese Estates	155	—	—
<b>Public Utilities</b>			
H.K. Tramways	37	—	37½/37.10/35½
Peak Trams (Old)	—	11	—
Peak Trams (New)	—	5	—
Star Ferries	85	—	82/85
Yaumati Ferries	22½	—	22
China Lights (Old)	11.90	12.20	12.10/11.60
China Lights (New)	—	—	8
H.K. Electrics	—	36½	36½/36/33½
Macao Electrics	—	15	—
Sandakan Lights	—	—	6½
Telephones (Old)	39	—	39½/38½
Telephones (New)	21½	—	21½/21
<b>Industrials</b>			
Canton Ices	5½	—	5½
Cements	15.35	15½	15½/15.35
H.K. Ropes	9.90	10.10	9.90
<b>Stores, &amp;c.</b>			
Dairy Farms	—	50	49½/45
Watsons	—	—	28½/30
Lane, Crawford	—	—	24½
Sinceres	7.60	—	—
China Emporium	—	—	5½
Sun Co., Ltd.	—	—	3.40
Kwong Sang	—	—	—
Hong ...	—	—	215
Wing On (H.K.)	—	—	90
Wm. Powell, Ltd.	—	3	—
<b>Miscellaneous</b>			
Entertainments	26½	—	26½
Constructions	—	—	—
(Old)	5½	—	5½/5½
Vibro Piling	4½	—	—
Marsmans Inv.	—	—	s. 13/3d.
Marsmans Inv. (H.K.)	s. 1/6d.	—	—

## Manila Gold Mining Shares

The following average prices ruled in mid-March on the Manila Stock Exchange.

Antamok	Pesos 0.05
Atok Gold	1.36
Baguio Gold	0.11
Batong Buhay	0.01
Big Wedge	1.40
Consolidated Mines	0.015
I X L	0.12
Lepanto Cons.	0.47
Masbate Cons.	0.09
Mindanao M. L.	0.82
San Mauricio	0.32
Surigao Cons.	0.48

## EXCHANGE &amp; FINANCIAL MARKETS

## Hongkong Markets

Lack of rumours and absence of exciting developments caused quiet markets last week; prices remained almost unchanged. Shanghai speculators and flight capitalists were much in evidence on the gold and CN\$ markets where they now operate with the same tactics as practised previously in Shanghai. Still, the slack gold markets in Canton and Shanghai did not allow of any juggling with the local rate. During the earlier days of last week there was hardly any business done (between 650–800 taels per trading day) but after Wednesday a larger turnover, at practically immovable rates, was recorded when between 6,000 to 8,000 taels daily changed hands.

The Canton gold price throughout last week remained within narrow margins; the week (March 17) opened at CN\$ 635,000 per tael, and remained until closing time (March 22) around 635/638,000. The Canton price was always around 5 percent cheaper than the local price which fact depressed Hongkong's speculation.

The native arbitrage in HK\$ and CN\$ continues within narrow limits although at times large amounts in Chinese money are carried out of Kwangtung for sale in the local market since Canton (black and official markets) quote HK\$ lower.

The US\$ draft and T.T. market was depressed and, for the first time in several months, the bank note quoted at par or even slightly higher than demand drafts. With the arrival of one or more ships from U.S. draft quotations may rise again to a slight premium over notes. Canton was a buyer of US\$ in the local market as the black market there quoted somewhat higher rates for U.S. bank notes.

The T. T. New York price, while around 490 at the beginning of last week, went up to 496/498 towards the close. On Mar. 24, when some U.S. cargo arriving here had to be taken over by the importers, demand for T.T. increased and brought the rate up to 506. Drafts also were firmer, selling at 492/495.

The Indochinese dollar (piastre) remained at between HK\$ 10.50 to 11 with a firm undertone. There was some cargo from Haiphong selling here last week which necessitated a larger merchant demand, and there are further shipments from Haiphong and Saigon scheduled to arrive here within a week or two.

Silver speculators, believing that now the bottom has been reached, were buying old and recently arrived bars and coins; exports to U.K. will, at any rate, support the local price to some extent. The Mar. 19 New York silver price (per fine oz.), quoted by Handy & Harmon, was down at 70-7/8 cents, and the London spot market slumped to 44 d. spot, and 43½ d. forward, on March 19. An approx. local corresponding price would be HK\$ 2.90 and 2.20 per bar and silver dollar respectively.

On Mar. 24 prices recovered and were up again at 77½ cents in New York, and 46d & 45½d for spot and forward respectively in London.

## Black Markets in Canton

Exchange shops and goldsmith stores have still not yet obtained permission to reopen although their colleagues in Shanghai are operating since beginning of this month. The Finance Commissioner of Kwangtung, who is the authority to deal with this question, blames this delay on the Nanking Finance Ministry who have so far not allowed Provincial money changers and goldsmiths to resume regular business. The logical result is that black market dealings have to be carried on since business men are not going to wait until Nanking condescends to consider requests from Canton. With due precautions and a new application of the lessons learned during the Japanese occupation, exchange and gold transactions take place daily at rates which are influenced only by demand and supply.

## The Siamese Baht

Against the official Bank of Siam quotations (Ticals 40 per £, Ticals 10 per US\$, Ticals 2.50 per HK\$), the tical or baht on the open market in Bangkok, at the end of February, continues to be heavily undervalued. The open market rate for US\$ is about 145% higher than the 2 rate about 90%, and the HK\$ rate about 100% higher. The 2/US\$ cross rate in Bangkok is around 3 to 3.10. The Hongkong open market price for baht is around 18.20 to 18.50 (per 100 baht).



### Hongkong & Shanghai Banking Corp.

The Bank's branch office in Nanking has been opened this week. At present the Bank operates in China 11 branch offices (Amoy, Canton, Chungking, Foochow, Hankow, Nanking, Peiping, Shanghai, Swatow, Tientsin and Tsingtao).

After conditions in Manchuria will return to normalcy, the Bank will resume operations in four more cities where its branch offices are located (viz Chefoo, Dairen, Harbin and Mukden).

The Bank operates at present one office in London, one in France (Lyons), two in the U.S. (New York, San Francisco), two in the Philippines (Manila, Iloilo), two in Indochina (Saigon, Haiphong), one in Burma (Rangoon), one in Siam (Bangkok), two in India (Bombay, Calcutta), one in Ceylon (Colombo), three in British North Borneo (Jesselton, Sandakan, Brunel), 9 in British Malaya (Ipoh, Johore, Kuala Lumpur, Malacca, Muar, Singapore, Sungai Patani, Teluk Anson and Penang), one in the Netherlands East Indies (Batavia). Another office in the N.E.I. (Soerabaya) will be reopened in the near future.

The Bank's three branch offices in Japan (Tokyo, Kobe, Yokohama) and one branch office in Germany (Hamburg) can be reopened only after the Occupation authorities permit private enterprises to resume business. The branch offices of the Hongkong & Shanghai Banking Corp. total 47, out of which 9 have not yet resumed business.

### Exchange Banks Association, Hongkong

In addition to the 20 member banks of the Association which were enumerated in our March 12 issue, page 133, two more banks were recently admitted, which brings the number of members of the Hongkong Exchange Banks Association to 4 British, 3 American, 2 Netherlands, 1 French, 1 Belgian and 11 Chinese banks, a total of 23 banks. The two additions are: The Farmers Bank of China, Ltd., and The Sze & See, Ltd. (Banking Dept.).

### Bank of England Returns

Bank of England returns for the week ending March 19 were as follows (in thousands of Sterling):

Notes in Circulation 1,386,827; Public Deposits 10,151; Private Deposits 999,109; Government Securities 333,536; Other Securities 30,138; Receipts 64,087; Bank Ratio 15.6%.

### Bank of France Returns

Bank of France returns for the week ending March 13 were as follows (in thousands of Francs):

Total Gold Holdings Frs. 62,816,556 (Total of other securities 562,437; Sight Balances abroad 296; Bills discounted in France and Abroad 87,283,535; Notes in circulation 747,727,517; Current Accounts and Deposits 60,152,708).

## The East Asiatic Company, Ltd.

The premier-Danish trading company, the East Asiatic Co., Ltd., of Copenhagen, will celebrate on March 27th its 50th anniversary. The firm was founded in 1887 by Mr. H. N. Andersen and has developed during the five decades of its history to one of the leading international export and import companies. Before the war the East Asiatic Co. Ltd. maintained a fleet of 28 ships however, some of them have been lost during the war. The Company has been buying some new freighters during last year.

The manager of the Hongkong branch is Mr. M. Pagh. Branch offices of the East Asiatic Co. Ltd. are found in every major trading place of the Far East, and in America, Africa and Europe.

## Report from Siam

Although Siam's foreign trade was restored to regular commercial channels during the first half of 1946, and some restrictions have since been removed on export-import procedures and use of foreign exchange, most of the important factors in the country's economy continue under Government control. Particularly affected by controls are the rubber, rice, tin, and teak industries. Normally, these four industries furnish employment for most of the population, account for the major part of the country's gross production, and supply the bulk of exports. Restoration of normal economic conditions depends chiefly upon rehabilitation of these four industries.

### Movements of Rice

Despite various efforts and inducements of the Government to collect for export, during 1946, a total of 1,200,000 tons of rice under the Tripartite Agreement, shipments were consistently behind schedule. It has been estimated that 375,000 tons may be available for export from Siam during the first half of 1947, an objective which will be realized only if rice moves at anticipated rates from farmers to millers.

### Rice Policy of Govt.

Acreage planted to rice in 1946 was below average, and rainfall was inadequate during the first 9 months of the year. Controllable factors, however, received considerable attention from Government authorities. Anti-rinderpest serum was provided for diseased draft animals, plows and hand implements were procured and sold at cost to farmers, and cotton cloth was distributed free to farm workers in some areas. An amount of 10,000,000 baht was provided in the budget to stimulate rice production. Recently a higher premium was offered for rice delivered, and rice exporters were allocated 3 per cent of the rice delivered, free from price controls.

Another step, taken in January, was to allocate to exporters 10 per cent of the proceeds of rice sales with which to import commodities. These proceeds, however, are realized in pounds sterling, along with proceeds from a number of other agricultural products, for purchases from the sterling countries. Normally, rice alone accounts for approximately 50 per cent of Siam's foreign exchange.

### Teak and Rubber Industries

For some time after the signing of the Tripartite Agreement, which stipulated that production and export of teak and other hardwoods would be facilitated, the Siamese Government nevertheless placed an embargo on teak exports. After a survey had been made for domestic needs, however, controls were relaxed so that a substantial quantity of teak was shipped. The control of foreign exchange, which required exporters to place dollars in a central pool, the continued rise in the cost of living and the appreciation in value of the baht, or tical, served to curtail exports of teak to the United States. The price of teak in Siam is higher than the prevailing price in world markets.

Rubber shipments from Siam have also been behind schedule. The Combined Rubber Committee in Washington allocated 19,000 tons of Siamese rubber to the United States in 1946, but late in December only 15,635 tons had been shipped. As the controlled price of rubber was reduced from 23.5 to 20.25 U.S. cents per pound on October 1 and the baht depreciated in value from 15 to 10 to the U.S. dollar, it became difficult to obtain rubber for export. It has been announced that, although controls over the export of rubber would be continued, some inducement—not specified—would be offered exporters.

### Baht Currency in Circulation

Late in December there were about 2,090,000,000 baht in circulation, compared with an average of about 306,000,000 before the war. The Siamese Government has announced its intention to reduce the note circulation by 25 per cent through floating an internal loan.

### Petroleum Industry

Pursuant to the plan to relinquish the oil monopoly, the Government recently abolished the fuel-oil department which handled petroleum

products. A new bureau was created to handle Government purchases exclusively, while civilian needs will be met by commercial companies. A large United States company and the British-Dutch interest are reported to be negotiating with the Siamese Government for purchase of a refinery and other installations now operated by the Government. Although no final agreement has been reached, the Government has agreed to sell, at a fair price, all equipment and installations except an asphalt plant and the railroad which serves it. The companies have likewise agreed to take over insofar as possible the staffs of the installation and fuel-oil departments and to supply the Government with petroleum products at reasonable and competitive prices.

### Air Services

A United States air-line company has completed arrangements for operating in Siam. An agreement has been reached whereby the Government would own 26 per cent of the stock and 25 per cent would be sold to the Siamese public. A separate clause provides that no part of the 25 per cent may be sold to nationals of any other country.

Another United States air-line company has negotiated an agreement with the Government to operate through Siam on its main service from Calcutta to Shanghai. It has been reported that a company exclusively owned by the Chinese is preparing to inaugurate service between Siam and China.

### Foreign Trade

Foreign-trade statistics show that export trade during the first 6 months of 1946 was valued at 157,789,143 baht. (At official rates of exchange, 1 baht=US\$100.0075, and 40 baht equal \$1.) Chief among commodities exported were rice, which comprised 56,139,135 baht; rubber, \$1,336,896; and teak 4,088,499 baht. Tin ore exports, during the same period had a value of only 520 baht.

During the first 9 months of 1946, the United States imported from Siam goods and commodities valued at US\$2,967,427, according to figures released by the United States Bureau of the Census. Chief among these items was crude rubber, which was valued at \$1,776,344. Precious stones, cut and uncut, ranked in second place with a value of \$1,017,479. Hardwood imports accounted for little more than \$57,000.

Siam's imports during the first 6 months of last year were valued at 175,379,172 baht, with little break-down available, since the category "general merchandise" accounted for 169,902,908 baht.

United States exports to Siam during the first 9 months of the year, according to United States figures, were valued at \$3,182,013, including tobacco and cigarettes (\$743,708); paper and paper products (\$103,617); petroleum products (\$220,519); medicinal and pharmaceutical preparations (\$152,696); batteries, flashlights, and electrical appliances (\$86,628).

## Tin in Malaya, N.E.I. and China

World output of tin amounted to 183,719 tons in 1939, when countries of the British Empire—mainly Malaya and Nigeria—were responsible for almost forty-three per cent of world production. World tin output reached its peak in 1941, when 244,500 tons were produced. In 1942, when the Japanese occupied the chief production centres in the Far East, world output of tin fell to 124,000 tons and in 1945 was reduced to about 86,000 tons, outside the Japanese-occupied area.

Tin mines in British Malaya were severely damaged during World War II. Previous exports of tin (since 1900) had amounted to more than two million tons, or nearly forty per cent of the world's output. At a meeting of the Malayan Chamber of Mines it was stated that a period ranging from two months to two years—dependent on the degree of damage—may be needed to get a destroyed or dismantled dredge into operation.

Early in 1946 it was estimated that Malayan tin production, yielding 85,384 tons in 1940, might reach 12,300 tons in 1946, 46,160 tons in 1947, and 72,800 tons in 1948.

Results achieved so far have fallen short of these estimates, which were compiled subject to availability of labour, transport and equipment from Britain. The Malayan Government has assisted the mines by affording funds at an interest of 3 per cent payable after 1950. It can be hoped that Malayan production will gradually resume its leading position in the tin industry.

### UNOFFICIAL EXCHANGE RATES IN HONGKONG

Gold per tael				CN\$ (per 100,000)				US\$ (per 100)				£
				Spot		Forward		Notes		Drafts		
MARCH	High	Low	Closing	High	Low	High	Low					
17	273	270½	272½	45½	44½	37½	37	478	485		14.35	
18	273½	272	273½	45½	45½	37½	37	482	488		14.40	
19	272½	270½	271	45½	45½	38½	37	483	482		14.40	
20	271	267½	267½	45½	44½	38½	37½	480	482		14.40	
21	270½	267	270	45½	44½	37½	37½	487	486		14.40	
22	271	269	270½	44½	44½	38	37½	485	488		14.50	



World requirements will exceed output for many years to come, even though Germany, as a consumer, is out of the picture for some time.

Tin prices between World Wars I and II fluctuated between £100 and £419 per ton. After the outbreak of World War II, apart from a short period early in the war when the Government of the U.K. pegged the price, dealings in tin alone of the non-ferrous metals were permitted at the London Metal Exchange. In December 1941 free dealings were suspended, and an issue price of £275 was fixed, which was raised to £380 10s. in September 1946.

Allocations of metal are being carried on by the Combined Tin Committee formed in Washington by the Governments of the principal tin producing and consuming countries who fix their own buying and selling prices. A dozen different prices are quoted by countries who are members of the International Tin Committee. Britain buys tin in Malaya at £370 per ton (and at different prices in Nigeria and Bolivia). The British domestic and export price is £380 10s. Domestic users in U.S. pay £289, and in South Africa £389 per ton.

Tin-smelting capacity is far in excess of world production. Out of a smelting capacity of 350,000 tons the British Commonwealth commands capacity exceeding 200,000 tons—50,000 tons in Britain. Tinplate production is greatly restricted by the present tin shortage, and Britain, the world's second largest tinplate producer, is obliged to ration exports.

#### Position in N.E.I.

The Netherlands East Indies, which normally supplies 18 per cent of the world's tin requirements, is slowly rehabilitating its tin production which, by 1948, will be back to prewar standards.

The output is steadily improving, although 1946 production was estimated at 7,140 tons compared to the 1941 output of 61,000 tons.

Speed in this rehabilitation is attributed to the Dutch policy of ordering/replacement equipment long before the Japanese surrender.

Another factor was the tin rehabilitation incentive plan under which the Netherlands Indies government reduced labour shortages by granting high priorities for consumer goods.

There are 7,000 employed on Billiton in tin production compared to 12,000 in 1941. On Bangka 8,500 are employed against a prewar figure of 12,500.

The chief obstacles to rehabilitation are:

Loss of trained personnel—25 per cent of the European staffs either did not survive or did not return.

Shortage of dredgemasters. Employment opportunities in Holland and Belgium are so good that few go to the Indies where the cost of living is high.

Shortage of coal, transportation of oil, food and drugs, lack of diesel power generating plants. Manufacturers have been unable to provide speedy delivery for replacement of central power plants rendered useless by the Japanese.

#### China's Tin Production

While before the war China produced on the average 8—10,000 tons of tin, the war years saw a serious decrease in production down to 2,000 tons in 1944. In the postwar time the tin industry could not be revived!

In 1946 total exports of tin from China amounted to 1,560 tons (all through Hong-kong), against which must be set tin imports of about 870 tons, so that the net export was only about 700 tons. However, in addition to the above quantity, about 1,000 tons of tin were smuggled out of China during 1946, so that the total net export of China last year was about 1,700 tons.

### CHINA PRODUCE PRICES IN NEW YORK

Quotations on March 22:

	US\$
CASSIA OIL, per lb. F.O.B. New York	8.80/4.00
ANISEED OIL, " " "	1.06/1.15
ANTIMONY, American, 99-1/2 percent grade in bulk of carload lots, F.O.B. Texas	0.88
BRISTLES, F.O.B. New York, per lb. as follows:	
Hankow, Regular Assortments	3.90 nom.
Chungking " " "	2.50 nom.
Shanghai " " "	2.18 nom.
Tientsin, short 35's	4.50
SANDALWOOD OIL, in drums (depending on seller's quantity & quality)	19.00 to 21.00
TUNG OIL, in tank cars, per lb. F.O.B. New York	0.87-1/2

## Hongkong Import Duties

The general commercial policy of Hong Kong has been one of free trade, although problems in connection with the rehabilitation of the colony have led to the imposition of trade controls which are considered necessary in order to regulate the movement of commodities in short supply, and to conserve United States dollar and other "hard currency" resources.

Import duties were imposed in prewar years only upon liquors, tobacco, "hydrocarbon oils," and, in 1941, upon toilet preparations and proprietary medicines. Duties are payable only on goods imported for sale or use in Hongkong, and do not apply to goods arriving at Hongkong in transit and being immediately reexported to China or elsewhere.

The duties effective in 1941 were re-established when the colony was reopened to international trade after the war. Since then some changes have been made in the Hongkong import tariff, and in accordance with a resolution of the Legislative Council the duties on wine, liquor, and tobacco products have been revised sharply upward.

Effective from November 28, 1946, specific import duties are payable on wine, liquor, and tobacco products which were outlined in detail in our December 4, 1946 issue, page 10.

Import duty rates on "hydrocarbon oils" and proprietary medicines and toilet preparations have remained unchanged.

#### Hydrocarbon Oils

From March 1, 1946, duty is payable on "hydrocarbon oils" at the following rates per imperial gallon:

	Rate
(a) "Light oils" .....	HK\$0.80
(b) "Heavy oil" to be used as fuel for any heavy-oil road vehicle .....	0.40
(c) Other hydrocarbon oil (other heavy oil) .....	0.10

"Hydrocarbon oils" are defined to mean petroleum oils, coal tar, and oils produced from coal, shale, peat, or any other bituminous substance, and all liquid hydrocarbons.

"Heavy oils" are defined to mean any hydrocarbon oils except light oils; and heavy oils shall be deemed to be used as fuel for a heavy oil road vehicle if they have a flashpoint of 56° C. or more and are used as fuel for any engine with which the vehicle is equipped, whether for the propulsion of the vehicle or not.

"Light oils" are defined to mean hydrocarbon oils of which not less than 50 per cent by volume distills at a temperature not exceeding 185° C., or of which not less than 95 per cent by volume distills at a temperature not exceeding 240° C., or which give off an inflammable vapour at a temperature of less than 22.8° C. when tested in the manner prescribed by the Commissioners of Customs and Excise of the United Kingdom; and includes the oils specified as follows: Light petroleum ether, motor spirit, white spirit and special solvents, benzol, toluol, xylol, solvent naphtha, mineral naphtha, admiralty vaporizing oil, light oil from distillation of coal, of shale, of low-temperature tar, light oils obtained by the Gergius process, turpentine, rosin spirit, mixtures of any of the above, and admixtures containing any one or more of the above.

"Heavy oil road vehicle" is defined to mean a mechanically propelled road vehicle which is constructed or adapted to use heavy oils as fuel.

Hydrocarbon oils do not include (a) vegetable oils, for example, peanut oil, linseed oil, coconut oil, wood oil; or (b) essential oils, such as aniseed oil, cassia oil.

#### Proprietary Medicines & Toilet Preparations

Import duties on toilet preparations and patent medicines became effective on March 2, 1946, at the following rates:

On any quantity for retail at a price (excluding the duty):

	Duty
Not exceeding HK\$0.10 .....	HK\$0.01
Over HK\$0.10, not over HK\$0.20 .....	.02
Over HK\$0.20, not over HK\$0.50 .....	.05
Over HK\$0.50, not over HK\$1.00 .....	.10
Over HK\$1.00, not over HK\$1.50 .....	.15
Over HK\$1.50, not over HK\$2.00 .....	.20
Additionally for every dollar or fraction of a dollar by which the retail price exceeds HK\$2.00 .....	.10

Where proprietary medicines and toilet preparations are packed in two or more containers enclosed in a larger container, the duty is assessed on each case or container which can be sold separately.

An importer of drugs or cosmetics requires a license, which costs HK\$100, except that persons importing only for their own use pay 10 per cent of the duty, with a minimum fee of HK\$2.

"Proprietary medicines" mean any medicine or prophylactic held out by advertisement, label, or otherwise in writing as efficacious for the prevention, cure, or relief of any malady, ailment, infirmity, or disorder affecting human beings and (a) which is sold under a trade name or trade mark to the use of which any person has or claims or purports to have an exclusive right; or (b) of which any person has or claims or purports to have the exclusive right of manufacture or for the making of which any person has or claims or purports to have any secret.

"Toilet preparations" mean any substance commonly used for the toilet and includes toilet soap, shaving soap and cream, tooth paste or powder and liquid preparations for dental purposes or mouth washes, perfumed spirits, toilet paste or powder, toilet cream, hair dye, scented sachets, lipstick, rouge and grease paint, preparations for use in manicure and chiropody, preparations, whether medicinal or not, for use on the hair, face or body, bath salts and essences, smelling salts, prepared fuller's earth.

The expressions "proprietary medicines" and "toilet preparations" do not include any substances made and sold under a name or synonym specified in the British Pharmacopoeia or the British Pharmaceutical Codex.

#### Motor Vehicles

A levy, not strictly an import duty but rather a registration fee assessed on automobiles, trucks, and busses entering Hong Kong for the first time, was imposed in prewar years upon all such vehicles not of British Empire origin. This duty was 15 per cent ad valorem. Although it was not collected during the first few postwar months, it was planned to reintroduce it, and it is anticipated that the duty, when reestablished, will be levied retroactively on vehicles which had entered the Colony after its liberation from the Japanese.

## Conditions of Foreign Traders in China

An American business survey conducted recently in Shanghai revealed the following facts and complaints:

Chinese Government business and purchasing agencies have been importing very large quantities of foreign goods unhampered by foreign exchange regulations, quota import licence requirements and other restrictions which have hamstrung private American, Chinese and other business since last November.

Chinese Government concerns such as the Universal Trading Corporation, Central Trust of China, and the Chinese Supplies Commission are bringing in a large volume of luxury goods such as motor-cars, radios, refrigerators and other items which are strictly banned under China's import controls. Thousands of applications for import licences and foreign exchange for legitimate importation of critical goods and industrial equipment by private firms are being ignored.

A high percentage of luxury cargo was brought in by Government-sponsored companies consigned to private purchasers. Some were imported for the staffs of these concerns, to be sold for private gain.

The Universal Trading Corporation, which acts as a purchasing agent for the Central Trust of China, drives bargains for low prices in foreign goods on the basis of volume purchases and handles purchases on 2.5 per cent commission for private interests and one per cent on purchases for the Chinese Government.

Requests of the United States Government that such official purchasing concerns should curtail activities, as it is regarded as unfair competition with and a menace to private enterprises, have been ignored.

Chinese business circles are critical of the special privileges which are extended to quasi Government corporations.

American business interests in New York and Washington protested to the State Department against operations of such companies which were charged with employing political and other pressure in an attempt to crush foreign business out of China.

American business leaders in China agree that the basic complaints which prompted protest in the United States more than a month ago still apply.



## Rubber Plantation Companies' Reports

After long and careful investigations and surveys made by the various agents and general managers of rubber estates in Malaya and the Netherlands East Indies, reports were compiled and submitted by the Directors to the shareholders. In previous issues (Vol. II, pp. 26, 58, 101) 11 rubber estate reports were published; all these companies are managed by Messrs. J. A. Wattie & Co., Ltd. who represent a total of 16 plantation companies; accordingly 5 reports are still outstanding.

The firm of Messrs. A. R. Burkill & Sons, Ltd., who act as general managers or secretaries for 9 plantation companies, have now concluded reports regarding the present conditions of eight estates; one report (Shanghai Kedah Rubber Estate) is still outstanding.

All rubber companies are now registered in Hongkong (under British Military Proclamation No. 27) where their head offices are located. When the local Stock Exchange will resume official trading, all rubber companies' shares, previously traded on the Shanghai Stock Exchange, will be quoted here. The very large turnover of rubber shares in prewar Shanghai (compare our issue of last December 11, page 10, for capital, values, output, profits, dividends, trading turnover) entitles the local share market to feel very optimistic about the future of trading in rubber shares on the local market. Great fortunes were made, and huge amounts of money were changing hands in the form of rubber shares on the Shanghai Stock market.

Following are reports of eight rubber plantation companies for whom Messrs. A. R. Burkill & Co., Ltd. act as general managers and/or secretaries:—

### THE BUTE PLANTATIONS (1913) LTD.

Acreage Statement:				
	1941	Destroyed during Occupation	1946	
Mature	1364 acres	68 acres	1306 acres	
Immature	388 "	10 "	378 "	
	1752 acres	68 acres	1684 acres	
Cut out during occupation	—	—	88 "	
Building Sites & Reserves, etc.	123 "	—	123 "	
	1875 acres	—	1875 acres	

Of the mature area of 1,306 acres, 842 acres were planted 1926/28, and the Visiting Agent states: "It is a really fine block of seedling rubber from which high yields may be confidently expected for some years to come." He considers the remaining portion of 464 acres should be replanted, and he has been given the necessary authority to have this done.

Of the immature area, about 85 acres are now being brought into tapping provided labour is available and the remainder during this year and next as the areas are cleaned up. It is anticipated the yields from this area will more than offset the loss due to the areas cut out for replanting, as it is planted with proved types of budgraft and seedlings, the yields from which will be approximately 1,000 lbs. per acre.

**Machinery.** (The estate was fortunate in that a good portion of the machinery was left intact.

**Buildings** were found in a fair condition, although stripped of all furniture, electrical and sanitary fittings.

**Labour.** The Estate is very short of Tamil coolies, but the labour now seems to be settled, and the necessary ways and means of inducing more labour to settle on the estate is being given the urgent attention of the Manager.

**Manager.** Mr. P. G. Jones acted as Manager of the Estate from April 1946, but it is expected that Mr. B. G. Chalmers will assume permanent management shortly.

**General.** The Estate is in production and the output compares favourably with pre-war yields, with prospects of these being exceeded as the Smoke House accommodation is augmented.

### THE TANAH MERAN ESTATES (1916) LTD.

Acreage Statement:				
	1941	Cut out during occupation	Abandoned as a result of occupation	1946
Mature	3113 acres	124 acres	—	31004 acres
Immature	536 "	—	141 acres	395 "
	3649 "	124 acres	141 acres	34953 acres
Cut out and abandoned	—	—	—	1534 "
Building sites, Reserves, etc.	1109 "	—	—	1109 "
	4758 acres	—	—	4758 acres

292 acres included in the mature area were being slaughtered tapped in 1941 preparatory to replanting, and the Visiting Agent recommends going ahead with the programme at the end of this year if labour is available. This will be done. He further states that a progressive replanting programme should be undertaken, as the results to date of replanting are very satisfactory and Directors have asked the Visiting Agent to prepare a replanting scheme in consultation with the Manager of the Estate.

**Machinery.** The Estate was very fortunate in keeping much of its equipment intact.

**Buildings** will require quite considerable expenditure on them to make them suitable for use.

**Labour** is not sufficient for requirements but a gradual improvement is expected.

**Manager.** Mr. B. G. Bower has resumed management of the Estate, and efforts are now being made to provide him with a Senior and Junior Assistant.

**General.** The Estate is in production and yields are fully up to pre-war standard and it is expected, as labour becomes available, these will be exceeded.

### THE SUNGAI DURI RUBBER ESTATE, LTD.

Acreage Statement:				
	1941	Cut out during occupation	Abandoned as a result of occupation	1946
Mature	1150 acres	Nil	Nil	1150 acres
Immature	230 "	Nil	82 acres	148 "
	1380 acres	—	82 acres	1298 acres
Abandoned Building Sites, Reserves, etc.	225 "	—	—	82 "
	1605 acres	—	—	225 "
				1605 acres

Although no areas were cut out during the occupation, 82 acres, replanted in 1941, have had to be abandoned owing to neglect during the period.

**Machinery.** Practically all machinery was looted and at the moment rubber is being manufactured by hand mangles.

**Buildings.** The Manager's bungalow was left in fair condition, but all fittings were removed. The Tunnel Type Smoke House was burnt out and the factory buildings demolished.

**Labour.** In common with practically all other Estates in the Peninsula, labour is very scarce and the Manager states:—"Recruiting in South Kedah is very difficult." Steps are being taken, however, to induce labour to settle on the estate.

**Manager.** Mr. F. G. Whitehead retired prior to the outbreak of the war. Mr. J. Davidson has been temporarily in charge of the Estate, but Mr. J. Lockyear the newly appointed Manager will shortly take over the management.

**General.** Despite difficult conditions the Estate is in production and the output is gradually increasing.

### THE DOMINION RUBBER COMPANY, LTD.

Acreage Statement:			Destroyed during Occupation	1946	
	1941			Dominion	Hendra
Mature	857 acres	571 acres	Nil	857 acres	571 acres
Immature	110 "	310 "	Nil	110 "	310 "
	967 acres	881 acres		967 acres	881 acres
Building Sites, Reserves, etc.	53 "	48 "		53 "	48 "
	1020 acres	929 acres		1020 acres	929 acres

Of the 310 acres comprising the Immature area of Hendra Estate 49 acres are now mature and in tapping. 56 acres will be brought into tapping this year, 53 acres next year and 50 acres in 1949. The yields from these areas, planted with specially selected seedlings or budgraft during 1937/40 will, to judge from records of similar types on other estates, yield over 1000 lbs. per acre. These areas will form the backbone of the estate during the replanting programme.

The Company was fortunate that no areas were cut out during the occupation.

The Visiting Agent remarks, however, that on Dominion Estate, the majority of the mature rubber has seen its best days and is definitely a replanting proposition, and a programme is now in course of preparation by the Manager and Visiting Agent.

On Hendra Estate, 191 acres of mature rubber was previously earmarked for replanting, and the Visiting Agent considers that this should be done as soon as labour is available.

**Machinery.** The engine and pump were looted, as well as the electric motor at the Manager's bungalow.

On Hendra Estate, neighbouring estates are participating in the erection of a Central Factory for the manufacture of rubber.

**Buildings.** On both Dominion and Hendra Estates, the Managers' Bungalows were left in fair order, although the fittings were looted. Coolie Lines are in fair order.

**Labour** is in very short supply.

**Manager.** Dominion Estate was managed by Mr. S. W. Harper until June last, thereafter by Mr. J. R. Dunn. Mr. J. F. Downey has now resumed management of the Estate.

The Directors regret that Mr. L. A. Blackhall, who was Manager of Hendra Estate prior to the War and who has been managing the Estate since July 1946, is resigning owing to a breakdown in health due to internment. Arrangements are now being made for a successor.

**General.** The Estates are in production and the output compares favourably with pre-war yields, with prospects of these being exceeded as labour becomes available.



## THE KOTA BAHROE RUBBER ESTATES (1921) LTD.

## Acreage Statement:

	1941				Destroyed during Occupation				1946			
	Kota Bahroe	Gunong Rapat	Canning		Kota Bahroe	Gunong Rapat	Canning		Kota Bahroe	Gunong Rapat	Canning	
Mature—acres	841	224	330		43	101	81		798	123	249	
Immature—acres	271	14	116		31	7	—		240	7	116	
	1112	238	446		74	108	81		1038	130	365	
Cut out	—	—	—		—	—	—		—	—	—	
Building Sites, Reserves, etc.	1204	16	108		—	—	—		1204	16	108	
	2316	254	554		—	—	—		2316	254	554	

**Kota Bahroe.** Of the 240 acres immature, 70 acres have been abandoned as the Visiting Agent considers that they cannot be saved. This leaves 170 acres, of which 90 acres are now mature.

**Gunong Rapat.** Of the 101 acres cut out, the trees on 60 acres were stolen for firewood after the re-occupation.

The Visiting Agent recommends that the areas cut out on Gunong Rapat and Canning be replanted, as this should not prove too expensive, and estimates are now being prepared for the work. The Visiting Agent recommends that replanting on Kota Bahroe should be left in abeyance.

**Machinery.** Everything on Gunong Rapat was looted, and the Kota Bahroe Factory stripped. The Canning factory and Smoke House were found in good order. The Kota Bahroe Smoke House was also found practically intact.

**Buildings.** The Manager's bungalow on Kota Bahroe was looted and estimates are now being considered for repairing the house. Coolie Lines and staff houses are in fair order.

**Labour.** Field coolies are ample, but tappers are scarce at the moment.

**Manager.** Mr. R. M. Dawson who was Manager prior to the War has retired, and the Estates are now under the management of Mr. A. E. L. Smith.

**General.** The Estates are in production, and yields are gradually improving.

## THE CONSOLIDATED RUBBER ESTATES (1914) LTD.

## Acreage Statement:

	1941				Cut out during Japanese Occupation				1946			
	Alexandra & Sungei Nibong	Sitiawan	Lumut		Alexandra & Sungei Nibong	Sitiawan	Lumut		Alexandra & Sungei Nibong	Sitiawan	Lumut	
Mature—acres	1143½	1094	780½		91	400	Nil		1052½	624	780½	
Immature—acres	76	225	—		10	12	Nil		66	213	—	
	1219½	1249	780½		101	412	Nil		1118½	837	780½	
Cut out	—	—	—		—	—	—		—	—	—	
Out out for replanting	—	45	—		—	45	—		—	45	—	
Building Sites, Reserves, etc.	19	106	21½		—	—	—		19	106	21½	
	1238½	1400	802		—	—	—		1238½	1400	802	
Less:—												
Temporary Occupation	—	—	6		—	—	6		—	—	6	
Excess of Title	—	26	—		—	26	—		—	26	—	
	1238½	1374	796		—	—	—		1238½	1374	796	

It is regrettable that during the occupation 513 acres in all were cut out.

**Alexandra & Sungei Nibong.** The Visiting Agent recommends replanting 101 acres cut out, and the Directors have authorised this work to be done. The 66 acres Immature can now be tapped.

Regarding the condition of these Estates, the Visiting Agent remarks "I am very pleased indeed with the progress that has been made on these Estates, which are practically back on a pre-war footing, and I should like to record my appreciation of the good work done by Mr. C. H. Hilton since he returned last January."

**Sitiawan & Lumut.** Reports from the Visiting Agent are now being awaited regarding these Estates.

**Machinery.** Alexandra & Sungei Nibong Estates were very fortunate that, except for the electric motor, all the other factory equipment was found intact.

On Sitiawan and Lumut, the sheeting batteries were found intact, but the engines were removed.

**Buildings.** The Manager's bungalow situated on Alexandra and Sungei Nibong Estates was found in quite good order although the electric fittings were removed. Other buildings require re-roofing and minor repairs.

**Labour** is still short of requirements.

**Manager.** Mr. C. H. Hilton reassumed the management of Alexandra and Sungei Nibong Estates in January 1946.

Sitiawan and Lumut Estates are again under the management of the pre-war Manager, Mr. P. R. L. Montigny.

**General.** The Estates are in production, and yields are gradually improving.

## THE PADANG RUBBER COMPANY, LTD.

## Acreage Statement:

	1941	Cut out during occupation	Abandoned as a result of occupation	1946
Mature	747 acres	47½ acres	—	699½ acres
Immature	134 "	—	39½ acres	94½ "
	881 acres	47½ acres	39½ acres	794 acres
Cut out and abandoned	—	—	—	87 "
Building Sites, Reserves, etc.	67 "	—	—	67 "
	948 acres	—	—	948 acres

The Visiting Agent recommends the replanting of 47½ acres cut out during the occupation and arrangements are being made to have this work done.

**Machinery.** Most of the important parts of the Petter Engine were looted, these remarks also apply to the Sheeting Battery. Necessary repairs have been effected and the factory is now running satisfactorily.

**Buildings.** The fabric of the Manager's bungalow and Coolie Lines were left intact, and necessary repairs have been carried out.

**Labour** is very scarce.

**Manager.** Mr. H. W. S. Gowland, who was Manager prior to the War, is again in charge of the Estate.

**General.** The Estate is in production, and the output has been gradually increasing.

## THE SHANGHAI PAHANG RUBBER ESTATE, LTD.

## Acreage Statement:

	1941	Destroyed during Occupation	1946
Mature	936½ acres	7 acres	929½ acres
Immature	289 "	23 "	266 "
	1225½ acres	30 acres	1195½ acres
Destroyed during occupation	—	—	30 "
Building Sites & Reserves, etc.	160 "	—	160 "
	1385½ acres	—	1385½ acres

\* 133 acres included in the Immature area will soon be mature. From these fields yields of over 1,000 lbs. per acre can be expected when tapping is commenced. This will help to offset loss of yield on areas cut out for replanting.

The Visiting Agent reports that 549 acres of mature rubber planted prior to 1910/1918 should be regarded as a replanting proposition and a programme is being drawn up by the Estate Manager in conjunction with the visiting agent for the approval of Directors. The balance of the planted areas carry very good rubber which is also expected to yield over 1,000 lbs. per acre.

**Machinery.** The contents of the factory were looted and replacements are gradually being made.

**Buildings.** The Manager's bungalow was completely destroyed, and as it is necessary for a Manager to be resident on the Estate, a new building is being erected.

**Labour** is very short of requirements, and Chinese contract labour is demanding excessive wages owing to the isolated position of the estate. The necessary plans are being made to induce labour to settle on the estate.

**Manager.** The Directors regret to record the death of Mr. B. G. Noble during internment in Siam. Mr. J. R. Dunn is now Manager of the Estate.

**General.** The Estate is in production, and the output is gradually increasing. New roads are being built to assist in supervision and enable labourers to get out to the various fields quickly.



## HONGKONG'S TRADING PARTNERS

IN FEBRUARY 1947

Total Values of Imports & Exports Under  
Main Groups

By Countries for the Month of February, 1947

## UNITED KINGDOM

Articles	Imports	Exports
Building Materials .....	\$ 1,325	\$ —
Chemicals & Drugs .....	391,122	378,200
Chinese Medicines .....	—	14,280
Dyeing & Tanning .....	—	—
Materials .....	189,131	—
Foodstuffs & Provisions .....	87,179	139,875
Fuels .....	721	—
Hardware .....	38,143	—
Liquors, Intoxicating .....	128,367	—
Machinery & Engines .....	88,210	—
Metals .....	229,880	—
Minerals & Ores .....	—	6,275
Nuts & Seeds .....	—	1,848
Oils & Fats .....	2,383	731,638
Paints .....	22,763	—
Paper & Paperware .....	31,494	—
Piece Goods & Textiles .....	412,818	—
Tobacco .....	297,822	—
Vehicles .....	12,394	—
Wearing Apparel .....	—	—
Sundries .....	244,226	339,599
Total Merchandise .....	2,293,861	1,611,715
Treasure .....	—	—
Grand Total .....	2,293,861	1,611,715

## AUSTRALIA

Articles	Imports	Exports
Chemicals & Drugs .....	\$ 35,402	\$ 32,000
Chinese Medicines .....	—	4,612
Dyeing & Tanning .....	—	—
Materials .....	36,059	—
Foodstuffs & Provisions .....	101,691	35,341
Hardware .....	2,952	—
Liquors, Intoxicating .....	5,313	7,824
Nuts & Seeds .....	—	60
Oils & Fats .....	—	144,686
Paper & Paperware .....	77,000	90
Piece Goods & Textiles .....	114,131	28,098
Vehicles .....	421	—
Wearing Apparel .....	108,339	—
Sundries .....	295,497	65,789
Total .....	776,855	318,498

## BURMA

Articles	Imports	Exports
Chinese Medicines .....	\$ —	\$ 150
Foodstuffs & Provisions .....	—	14,697
Nuts & Seeds .....	—	295
Paper & Paperware .....	—	2,540
Piece Goods & Textiles .....	—	4,725
Wearing Apparel .....	—	5,650
Sundries .....	—	21,509
Total .....	—	49,566

## CANADA

Articles	Imports	Exports
Chemicals & Drugs .....	\$ 24,432	\$ —
Chinese Medicines .....	—	3,246
Dyeing & Tanning .....	—	—
Materials .....	2,982	—
Foodstuffs & Provisions .....	190,979	4,146
Hardware .....	—	7,095
Liquors, Intoxicating .....	20,309	—
Machinery & Engines .....	1,350	—
Metals .....	8,160	—
Oils & Fats .....	138,505	—
Paints .....	22,500	—
Paper & Paperware .....	375,400	—
Tobacco .....	30,470	—
Vehicles .....	143,284	—
Wearing Apparel .....	1,925	—
Sundries .....	32,872	—
Total .....	993,168	14,487

## CEYLON

Articles	Imports	Exports
Foodstuffs & Provisions .....	\$ —	\$ 3,674
Hardware .....	—	8,831
Paper & Paperware .....	4,734	8,080
Piece Goods & Textiles .....	—	1,920
Wearing Apparel .....	—	14,000
Sundries .....	11,796	74,651
Total .....	16,530	112,156

## INDIA

Articles	Imports	Exports
Chemicals & Drugs .....	\$ 403,412	\$ 115,030
Chinese Medicines .....	10,210	40,519
Dyeing & Tanning .....	—	—
Materials .....	4,000	—
Foodstuffs & Provisions .....	53,915	50,400
Hardware .....	1,200	1,550
Machinery & Engines .....	630	—
Metals .....	—	64,000
Oils & Fats .....	29,820	9,844
Paints .....	—	5,080
Paper & Paperware .....	—	6,399
Piece Goods & Textiles .....	7,195,573	—
Tobacco .....	35,777	—
Vehicles .....	1,215	—
Wearing Apparel .....	1,775	—
Sundries .....	446,580	375,343
Total Merchandise .....	8,814,107	668,165
Treasure .....	—	4,419,460
Grand Total .....	8,184,107	5,087,625

## MALAYA (BRITISH)

Articles	Imports	Exports
Building Materials .....	\$ 80,000	\$ 90
Chemicals & Drugs .....	21,880	93,317
Chinese Medicines .....	19,636	695,279
Dyeing & Tanning .....	—	—
Materials .....	105,150	—
Foodstuffs & Provisions .....	658,776	4,416,414
Fuels .....	94,435	—
Hardware .....	—	110,298
Liquors, Intoxicating .....	—	325,328
Machinery & Engines .....	—	15,080
Manures .....	—	6,280
Metals .....	121,232	183,995
Nuts & Seeds .....	273,322	70,768
Oils & Fats .....	1,536,487	187,761
Paints .....	347,400	149,474
Paper & Paperware .....	74,628	455,954
Piece Goods & Textiles .....	12,000	4,746,910
Tobacco .....	—	5,670
Vehicles .....	—	10,580
Wearing Apparel .....	—	883,971
Sundries .....	3,000,850	2,397,367
Total .....	6,325,796	14,954,486

## NORTH BORNEO (BRITISH)

Articles	Imports	Exports
Chemicals & Drugs .....	\$ —	\$ 638
Chinese Medicines .....	20,000	3,677
Foodstuffs & Provisions .....	30,434	39,483
Fuels .....	81,004	—
Hardware .....	150	6,476
Liquors, Intoxicating .....	—	35,480
Machinery & Engines .....	—	6,695
Metals .....	—	5,257
Nuts & Seeds .....	11,856	1,060
Oils & Fats .....	34,860	6,195
Paper & Paperware .....	—	11,571
Piece Goods & Textiles .....	—	23,515
Vehicles .....	—	1,040
Wearing Apparel .....	—	46,521
Sundries .....	37,188	35,295
Total .....	215,492	222,903

## BRITISH EMPIRE, OTHER

Articles	Imports	Exports
Chemicals & Drugs .....	\$ —	\$ 640
Chinese Medicines .....	127	9,138
Foodstuffs & Provisions .....	—	29,077
Hardware .....	—	1,334
Liquors, Intoxicating .....	—	1,452
Oils & Fats .....	—	12,654
Wearing Apparel .....	—	8,825
Sundries .....	750	43,976
Total .....	877	107,096

## SOUTH AFRICA

Articles	Imports	Exports
Chemicals & Drugs .....	\$ 890	\$ —
Chinese Medicines .....	—	1,321
Foodstuffs & Provisions .....	—	6,188
Hardware .....	—	394
Oils & Fats .....	—	330,600
Wearing Apparel .....	—	2,996
Sundries .....	434,600	48,786
Total .....	435,490	390,285

## CENTRAL AMERICA

Articles	Imports	Exports
Foodstuffs & Provisions .....	\$ —	\$ 36
Oils & Fats .....	—	245
Sundries .....	—	15,482
Total Merchandise .....	—	15,763
Treasure .....	6,994,500	—
Grand Total .....	6,994,500	15,763

## BELGIUM

Articles	Imports	Exports
Building Materials .....	\$ 83,350	\$ —
Chemicals & Drugs .....	137,530	—
Chinese Medicines .....	—	3,926
Dyeing & Tanning .....	—	—
Materials .....	381,261	—
Foodstuffs & Provisions .....	—	1,900
Metals .....	1,225,920	33,600
Minerals & Ores .....	—	32,455
Nuts & Seeds .....	—	5,074
Oils & Fats .....	—	375,046
Paints .....	—	37,985
Paper & Paperware .....	227,391	—
Piece Goods & Textiles .....	71,402	—
Sundries .....	13,148	36,020
Total .....	2,177,987	488,021

## CHINA, NORTH

Articles	Imports	Exports
Building Materials .....	\$ —	\$ 9,061
Chemicals & Drugs .....	6,500	111,298
Chinese Medicines .....	166,350	8,800
Dyeing & Tanning .....	—	—
Materials .....	—	11,630
Foodstuffs & Provisions .....	398,571	71,480
Hardware .....	3,710	2,800
Liquors, Intoxicating .....	80,368	5,254
Machinery & Engines .....	920	21,412
Metals .....	4,170	127,750
Nuts & Seeds .....	143,460	100,615
Oils & Fats .....	10,264	1,785,771
Paints .....	4,875	1,900
Paper & Paperware .....	4,200	—
Piece Goods & Textiles .....	395,198	41,094
Tobacco .....	—	200
Vehicles .....	—	67,925
Wearing Apparel .....	45,290	9,232
Sundries .....	74,134	854,353
Total .....	1,338,010	3,220,565

## CHINA, MIDDLE

Articles	Imports	Exports
Animals, Live .....	\$ 212,880	\$ —
Building Materials .....	16,454	160,803
Chemicals & Drugs .....	400,310	161,947
Chinese Medicines .....	3,335	—
Dyeing & Tanning .....	—	12,825
Materials .....	826,441	668,487
Foodstuffs & Provisions .....	99,332	—
Fuels .....	1,300	1,467
Hardware .....	—	1,801
Machinery & Engines .....	—	254,247
Manures .....	—	162,273
Metals .....	33,534	4,500
Nuts & Seeds .....	—	—
Oils & Fats .....	381,572	594,190
Paints .....	—	8,448
Paper & Paperware .....	75,160	293,766
Piece Goods & Textiles .....	—	80,682
Vehicles .....	—	15,258
Sundries .....	161,114	238,907
Total .....	2,215,932	2,675,101

## CHINA, SOUTH

Articles	Imports	Exports
Animals, Live .....	\$ 1,807,890	\$ —
Building Materials .....	239,975	26,694
Chemicals & Drugs .....	122,760	1,149,241
Chinese Medicines .....	517,616	23,134
Dyeing & Tanning .....	—	—
Materials .....	179,842	851,409
Foodstuffs & Provisions .....	2,021,554	302,165
Fuels .....	597,473	1,870
Hardware .....	68,888	31,610
Liquors, Intoxicating .....	1,210	1,184
Machinery & Engines .....	5,670	37,384
Manures .....	3,405	28,651
Metals .....	94,856	1,228,860
Minerals & Ores .....	—	120
Nuts & Seeds .....	337,175	38,167
Oils & Fats .....	12,837,761	2,722,658
Paints .....	—	89,228
Paper & Paperware .....	360,985	1,295,161
Piece Goods & Textiles .....	1,711,555	831,389
Tobacco .....	1,100	—
Vehicles .....	16,500	145,627
Wearing Apparel .....	3,485	4,506
Sundries .....	1,187,930	3,300,712
Total .....	22,116,630	12,119,770



# FAR EASTERN ECONOMIC REVIEW

## FRANCE

Articles	Imports \$	Exports \$
Chemicals & Drugs .....	48,180	—
Chinese Medicines .....	—	42,581
Dyeing & Tanning Materials .....	311,496	—
Liquors, Intoxicating .....	132,664	—
Minerals & Ores .....	—	34,675
Oils & Fats .....	13,290	129,080
Paints .....	99,000	—
Paper & Paperware .....	141,772	—
Piece Goods & Textiles .....	31,341	51,500
Wearing Apparel .....	6,312	600
Sundries .....	26,461	52,912
<b>Total .....</b>	<b>810,516</b>	<b>311,348</b>

## FRENCH INDO CHINA

Articles	Imports \$	Exports \$
Building Materials .....	32,650	—
Chemicals & Drugs .....	392	560
Chinese Medicines .....	5,580	65,355
Dyeing & Tanning Materials .....	—	12,400
Foodstuffs & Provisions .....	549,802	799,873
Fuels .....	12,000	82,000
Machinery & Engines .....	—	15,236
Nuts & Seeds .....	96,076	2,000
Oils & Fats .....	2,400	—
Paints .....	—	12,372
Paper & Paperware .....	22,134	—
Piece Goods & Textiles .....	3,500	13,690
Tobacco .....	—	20,442
Vehicles .....	—	9,000
Wearing Apparel .....	—	2,925
Sundries .....	158,385	158,154
<b>Total .....</b>	<b>882,919</b>	<b>1,194,007</b>

## HOLLAND

Articles	Imports \$	Exports \$
Chemicals & Drugs .....	225,557	—
Foodstuffs & Provisions .....	468,495	—
Liquors, Intoxicating .....	65,173	—
Metals .....	269,124	—
Oils & Fats .....	6,704	28,510
Paints .....	24,038	—
Paper & Paperware .....	390,024	—
Piece Goods & Textiles .....	49,151	—
Tobacco .....	16,075	—
Vehicles .....	—	6,002
Sundries .....	86,330	49,955
<b>Total .....</b>	<b>1,600,871</b>	<b>84,467</b>

## ITALY

Articles	Imports \$	Exports \$
Chinese Medicines .....	—	77,587
Dyeing & Tanning Materials .....	36,670	—
Liquors, Intoxicating .....	17,076	—
Metals .....	2,850	—
Oils & Fats .....	—	464,156
Paper & Paperware .....	271,376	—
Piece Goods & Textiles .....	301,508	—
Sundries .....	54,600	50,960
<b>Total .....</b>	<b>684,080</b>	<b>592,703</b>

## JAPAN

Articles	Imports \$	Exports \$
Chemicals & Drugs .....	—	201
Foodstuffs & Provisions .....	—	11,627
Hardware .....	—	687
Nuts & Seeds .....	—	2,050
Paper & Paperware .....	—	222
Sundries .....	—	3,346
<b>Total .....</b>	<b>—</b>	<b>18,133</b>

## KWONG CHOW WAN

Articles	Imports \$	Exports \$
Animals, Live .....	243,380	—
Chemicals & Drugs .....	—	5,605
Chinese Medicines .....	14,022	—
Foodstuffs & Provisions .....	75,941	—
Hardware .....	—	100
Metals .....	—	1,960
Nuts & Seeds .....	15,000	—
Oils & Fats .....	1,400	95,642
Paper & Paperware .....	—	25,587
Piece Goods & Textiles .....	—	3,600
Sundries .....	43,158	30,217
<b>Total .....</b>	<b>392,901</b>	<b>162,711</b>

## MACAO

Articles	Imports \$	Exports \$
Animals, Live .....	43,150	—
Building Materials .....	2,420	54,116
Chemicals & Drugs .....	1,940	90,830
Chinese Medicines .....	29,619	11,667
Dyeing & Tanning Materials .....	—	6,650
Foodstuffs & Provisions .....	2,929,359	892,272
Fuels .....	96,353	—
Hardware .....	—	7,998
Liquors, Intoxicating .....	295,879	64,141
Machinery & Engines .....	1,000	10,082
Manures .....	—	44,474
Metals .....	24,120	107,826
Minerals & Ores .....	100	—
Nuts & Seeds .....	150,798	47,409
Oils & Fats .....	10,200	675,505
Paints .....	6,710	4,657
Paper & Paperware .....	—	310,217
Piece Goods & Textiles .....	2,502,190	74,775
Tobacco .....	5,470	723,697
Vehicles .....	—	54,705
Wearing Apparel .....	4,000	62,741
Sundries .....	625,652	595,047
<b>Total Merchandise .....</b>	<b>6,739,510</b>	<b>3,911,078</b>
<b>Treasure .....</b>	<b>—</b>	<b>17,594,131</b>
<b>Grand Total .....</b>	<b>6,739,510</b>	<b>21,505,209</b>

## NORWAY

Articles	Imports \$	Exports \$
Liquors, Intoxicating .....	86,724	—
Oils & Fats .....	—	80,000
Paper & Paperware .....	1,441,582	—
Wearing Apparel .....	—	8,300
Sundries .....	10,307	73,962
<b>Total .....</b>	<b>1,538,613</b>	<b>162,262</b>

## NETHERLANDS EAST INDIES

Articles	Imports \$	Exports \$
Chemicals & Drugs .....	—	3,625
Chinese Medicines .....	7,100	29,898
Dyeing & Tanning Materials .....	—	34,215
Foodstuffs & Provisions .....	399,968	361,957
Hardware .....	—	21,549
Liquors, Intoxicating .....	—	16,314
Manures .....	—	7,007
Metals .....	—	500
Nuts & Seeds .....	—	50,310
Oils & Fats .....	—	3,236
Paints .....	—	43,890
Paper & Paperware .....	—	258,095
Piece Goods & Textiles .....	—	134,024
Wearing Apparel .....	—	321,205
Sundries .....	—	329,764
<b>Total .....</b>	<b>762,488</b>	<b>1,260,669</b>

## PHILIPPINES

Articles	Imports \$	Exports \$
Building Materials .....	—	5,818
Chemicals & Drugs .....	17,930	—
Chinese Medicines .....	258	7,382
Foodstuffs & Provisions .....	13,600	1,060,327
Hardware .....	14,000	283,345
Liquors, Intoxicating .....	—	5,670
Machinery & Engines .....	—	100
Manures .....	—	27
Metals .....	295,600	54,960
Nuts & Seeds .....	6,000	202,982
Oils & Fats .....	—	4,448
Paints .....	—	194,825
Paper & Paperware .....	—	4,170
Piece Goods & Textiles .....	79,000	4,000
Tobacco .....	3,750	—
Vehicles .....	11,654	3,650
Wearing Apparel .....	—	27,230
Sundries .....	389,905	446,362
<b>Total .....</b>	<b>831,697</b>	<b>2,305,296</b>

## PORTUGAL

Articles	Imports \$	Exports \$
Liquors, Intoxicating .....	140,995	—
Piece Goods & Textiles .....	22,858	—
Sundries .....	8,676	15,000
<b>Total .....</b>	<b>173,729</b>	<b>15,000</b>

## SOUTH AMERICA

Articles	Imports \$	Exports \$
Sundries .....	11,440	44,384
<b>Total .....</b>	<b>11,440</b>	<b>44,384</b>

## SIAM

Articles	Imports \$	Exports \$
Building Materials .....	228,051	—
Chemicals & Drugs .....	—	89,430
Chinese Medicines .....	28,976	235,246
Dyeing & Tanning Materials .....	—	109,776
Foodstuffs & Provisions .....	—	328,540
Hardware .....	—	249,991
Liquors, Intoxicating .....	—	74,419
Machinery & Engines .....	—	360
Manures .....	5,710	5,600
Metals .....	—	253,975
Nuts & Seeds .....	—	11,150
Oils & Fats .....	261,935	148,401
Paints .....	—	32,817
Paper & Paperware .....	—	324,747
Piece Goods & Textiles .....	1,980	5,026,842
Vehicles .....	—	2,700
Wearing Apparel .....	—	1,012,055
Sundries .....	616,739	1,005,660
<b>Total .....</b>	<b>1,666,335</b>	<b>8,801,933</b>

## SWEDEN

Articles	Imports \$	Exports \$
Chemicals & Drugs .....	2,549	—
Chinese Medicines .....	—	10,716
Hardware .....	8,258	—
Liquors, Intoxicating .....	6,545	—
Metals .....	—	33,600
Oils & Fats .....	—	114,210
Paper & Paperware .....	213,252	—
Sundries .....	2,896	112,007
<b>Total .....</b>	<b>233,500</b>	<b>270,533</b>

## SWITZERLAND

Articles	Imports \$	Exports \$
Foodstuffs & Provisions .....	33,500	4,158
Oils & Fats .....	21,125	—
Sundries .....	305,055	1,250
<b>Total .....</b>	<b>359,680</b>	<b>5,408</b>

## SPAIN

Articles	Imports \$	Exports \$
Dyeing & Tanning Materials .....	4,785	—
Foodstuffs & Provisions .....	—	150
<b>Total .....</b>	<b>4,785</b>	<b>150</b>

## U. S. A.

Articles	Imports \$	Exports \$
Building Materials .....	36,132	—
Chemicals & Drugs .....	1,416,136	225,158
Chinese Medicines .....	766,366	492,809
Dyeing & Tanning Materials .....	—	722,977
Foodstuffs & Provisions .....	—	1,400,456
Hardware .....	—	307,928
Liquors, Intoxicating .....	—	293,200
Machinery & Engines .....	—	215,479
Metals .....	628,321	348,800
Nuts & Seeds .....	—	36,642
Oils & Fats .....	1,966,669	8,134,171
Paints .....	—	213,048
Paper & Paperware .....	—	1,643,460
Piece Goods & Textiles .....	—	1,049,155
Tobacco .....	—	1,496,868
Vehicles .....	—	914,187
Wearing Apparel .....	—	424,166
Sundries .....	4,814,948	1,450,076
<b>Total Merchandise .....</b>	<b>18,307,496</b>	<b>11,879,115</b>
<b>Treasure .....</b>	<b>—</b>	<b>11,420,659</b>
<b>Grand Total .....</b>	<b>18,307,496</b>	<b>23,299,774</b>

## U. S. S. R.

Articles	Imports \$	Exports \$
Metals .....	—	905,600
Minerals & Ores .....	—	577,000
<b>Total .....</b>	<b>—</b>	<b>1,482,000</b>

## ALL OTHER COUNTRIES

Articles	Imports \$	Exports \$
Chemicals & Drugs .....	—	3,210
Chinese Medicines .....	—	2,733
Foodstuffs & Provisions .....	—	249,516
Metals .....	—	177,034
Nuts & Seeds .....	39,755	—
Oils & Fats .....	—	18,000
Paper & Paperware .....	395,538	—
Piece Goods & Textiles .....	—	6,000
Sundries .....	1,459	234,632
<b>Total .....</b>	<b>436,752</b>	<b>691,185</b>



